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# QUARTERLY REPORT

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LICENSEE ATLANTIC CITY SHOWBOAT  
ADDRESS PO BOX 840 / 801 BOARDWALK  
ATLANTIC CITY, NJ 08401-0840

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . . MARK J. MILLER  
OFFICIAL TITLE . . . . . VICE PRESIDENT/FINANCE  
ADDRESS . . . . . PO BOX 840/801 BOARDWALK  
ATLANTIC CITY, NJ 08401-0840

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

## LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER, 19 91

TITLE	FORM NO.	1991	1990
Balance Sheets	CCC-205	26,348	26,515
Statements of Income (Year-to-Date)	CCC-210	0	0
Statements of Income (Three Months)	CCC-215	24,304	48,224
Statements of Changes in Stockholders' Equity	CCC-220	0	217,797
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	0	10,274
Statements of Cash Flows	CCC-235	0	1,779
Notes to Financial Statements		0	0
Schedule of Receivables and Patrons' Checks	CCC-240	0	0
Statement of Conformity and Accuracy	CCC-250	0	2,257
		0	0
		18,423	24,754
		8,194	1,324
		27,427	26,040
		0	159,037
		0	10,137
		0	0
		22,482	24,790
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0

TRADING NAME OF LICENSEE: ATLANTIC CITY SHOWBOAT, INC.

BALANCE SHEET

SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 91	(d) 19 90
ASSETS			
	Current Assets:	\$	\$
1	Cash .....NOTE 1.	36,548	36,314
2	Marketable securities .....	0	0
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 19_91_ \$ 4,554 ; 19_90_ \$ 4,751 ) .....NOTE 3.	5,084	7,311
4	Inventories .....	1,887	2,211
5	Prepaid expenses and other current assets.....	3,067	3,438
6	Total current assets .....	46,586	49,274
7	Investments, Advances, And Receivables .....NOTE 2, 11 & 15	16,819	23,752
8	Property And Equipment - Net .....NOTE 4	205,962	217,797
9	Other Assets .....	9,650	10,274
10	Total Assets .....	\$ 279,017	\$ 301,097
LIABILITIES AND EQUITY			
	Current Liabilities:	\$	\$
11	Accounts payable .....	4,565	5,779
12	Notes payable .....	0	0
13	Current portion of long-term debt: Due to affiliates .....	0	0
14	Other .....NOTE 8	3,277	2,957
15	Income taxes payable and accrued.....	2,020	0
16	Other accrued expenses .....NOTE 5	14,423	14,748
17	Other current liabilities .....NOTE 6	3,196	1,556
18	Total current liabilities .....	27,481	25,040
19	Long-Term Debt: Due to affiliates .....NOTE 7	161,540	180,000
20	Other .....NOTE 8	6,987	10,122
21	Deferred Credits .....	7,068	3,297
22	Other Liabilities .....	23,182	50,930
23	Commitments And Contingencies .....NOTE 15		
24	Total Liabilities .....	226,258	269,389
25	Stockholders', Partners', Or Proprietor's Equity.....	52,759	31,708
26	Total Liabilities And Equity .....	\$ 279,017	\$ 301,097

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 91	(d) 19 90
	Revenue:	\$	\$
1	Casino .....	185,199	192,074
2	Rooms .....	7,951	8,140
3	Food and beverage .....	25,743	30,192
4	Other .....	3,115	3,712
5	Total revenue .....	222,008	234,118
6	Less: Promotional allowances .....NOTE 13	18,189	20,848
7	Net revenues .....	203,819	213,270
	Costs And Expenses:		
8	Costs of goods and services .....	119,853	132,466
9	Selling, general, and administrative .....	37,209	41,427
10	Provision for doubtful accounts .....	1,914	1,691
11	Depreciation and amortization .....	15,466	13,888
	Charges from affiliates other than interest:		
12	Management fees .....NOTE 2	0	11,940
13	Other .....	0	0
14	Total costs and expenses .....	174,442	201,412
15	Income (Loss) From Operations .....	29,377	11,858
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....NOTE 7	(13,787)	(15,356)
17	Interest (expense) - external .....	(1,329)	(1,735)
18	Investment alternative tax and related income (expense) - net .....	(837)	(826)
19	Nonoperating income (expense) - net .....NOTE 10	1,014	1,379
20	Total other income (expenses) .....	(14,939)	(16,538)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	14,438	(4,680)
22	Provision (credit) for income taxes .....NOTE 14	5,840	(1,371)
23	Income (Loss) Before Extraordinary Items .....	8,598	(3,309)
24	Extraordinary items (net of income taxes - 19 91, \$ _____ ; 19 90, \$ _____ ) .....	0	0
25	Net Income (Loss) ... ..	\$ 8,598	\$ (3,309)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 91	(d) 19 90
	Revenue:	\$	\$
1	Casino .....	71,165	67,314
2	Rooms .....	3,048	3,054
3	Food and beverage .....	10,136	10,665
4	Other .....	1,182	1,458
5	Total revenue .....	85,531	82,491
6	Less: Promotional allowances .....NOTE 13	7,236	7,507
7	Net revenues .....	78,295	74,984
	Costs And Expenses:		
8	Costs of goods and services .....	43,083	44,578
9	Selling, general, and administrative .....	13,485	12,467
10	Provision for doubtful accounts .....	549	(444)
11	Depreciation and amortization .....	5,263	4,996
	Charges from affiliates other than interest:		
12	Management fees .....	0	4,230
13	Other .....	0	0
14	Total costs and expenses .....	62,380	65,827
15	Income (Loss) From Operations .....	15,915	9,157
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....	(4,594)	(5,119)
17	Interest (expense) - external .....	(422)	(565)
18	Investment alternative tax and related income (expense) - net .....	(286)	(318)
19	Nonoperating income (expense) - net .....	474	387
20	Total other income (expenses) .....	(4,828)	(5,615)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	11,087	3,542
22	Provision (credit) for income taxes .....	4,373	1,591
23	Income (Loss) Before Extraordinary Items .....	6,714	1,951
24	Extraordinary items (net of income taxes - 19 91, \$ _____ ; 19 90, \$ _____ ) .....	0	0
25	Net Income (Loss) ... ..	\$ 6,714	\$ 1,951

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	1991		1990	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
1	Common Stock: 2500 SHARES AUTHORIZED Beginning balance (January 1) .....	1,500	76,909	1,500	76,909
2	Sale of stock .....				
3	_____ .....				
4	Ending balance .....	1,500	76,909	1,500	76,909
5	Preferred Stock: Beginning balance (January 1) .....				
6	Sale of stock .....				
7	_____ .....				
8	Ending balance .....				
9	Additional Paid-in Capital: Beginning balance (January 1) .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
10	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
11	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
12	Ending balance .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
13	Treasury Stock: Beginning balance (January 1) .....		( )		( )
14	Purchase of additional stock .....		( )		( )
15	Sale or retirement of stock .....				
16	Ending balance .....		( )		( )
17	Subscriptions Receivable For Capital Stock: Beginning balance (January 1) .....		( )		( )
18	_____ .....				
19	_____ .....				
20	Ending balance .....		( )		( )
21	Net Unrealized Loss On Noncurrent Marketable Equity Securities: Beginning balance (January 1) .....	XXXXXXXXXXXXXXXXXX	( )	XXXXXXXXXXXXXXXXXX	( )
22	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
23	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
24	Ending balance .....	XXXXXXXXXXXXXXXXXX	( )	XXXXXXXXXXXXXXXXXX	( )
25	Retained Earnings: Beginning balance (January 1) .....	XXXXXXXXXXXXXXXXXX	(32,748)	XXXXXXXXXXXXXXXXXX	(34,892)
26	Prior period adjustments .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
27	Net income (loss) .....	XXXXXXXXXXXXXXXXXX	8,598	XXXXXXXXXXXXXXXXXX	(3,309)
28	Dividends .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	(7,000)
29	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
30	_____ .....	XXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXX	
31	Ending balance .....	XXXXXXXXXXXXXXXXXX	(24,150)	XXXXXXXXXXXXXXXXXX	(45,201)
32	Ending Stockholder's Equity .....	XXXXXXXXXXXXXXXXXX	52,759	XXXXXXXXXXXXXXXXXX	31,708

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT

## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE \_\_\_\_\_ MONTHS ENDED \_\_\_\_\_, 19 \_\_\_\_ AND 19 \_\_\_\_

(UNAUDITED)  
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:	\$	\$
1	Beginning balance (January 1) .....		
2	Additional capital invested .....		
3	_____ .....		
4	Ending balance .....		
	Accumulated Income (Loss):		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	_____ .....		
9	Ending balance .....		
	Capital Withdrawals:		
10	Beginning balance (January 1) .....	( )	( )
11	Additional capital withdrawals .....	( )	( )
12	_____ .....		
13	Ending balance .....	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1) .....	( )	( )
15	_____ .....		
16	_____ .....		
17	Ending balance .....	( )	( )
18	Ending Partners' Or Proprietor's Equity .....	\$	\$

The accompanying notes are an integral part of the  
financial statements. Valid comparisons cannot be made  
without using information contained in the notes.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 91	(d) 19 90
	Net Cash Flows From Operating Activities:		
29	Net income (loss) .....	\$ 8,598	\$ (3,309)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment .....	15,466	13,888
31	Amortization of other assets .....	367	409
32	Amortization of debt discount or premium .....		
33	Deferred income taxes - current .....		
34	Deferred income taxes - noncurrent .....	3,095	2,129
35	(Gain) loss on disposition of property and equipment .....	402	685
36	(Gain) loss on casino reinvestment obligations .....	837	826
37	(Gain) loss from other investment activities .....		
38	Net (increase) decrease in receivables and patrons' checks .....	1,600	2,857
39	Net (increase) decrease in inventories .....	323	297
40	Net (increase) decrease in other current assets .....	(754)	(1,380)
41	Net (increase) decrease in other assets .....	(139)	79
42	Net increase (decrease) in accounts payables .....	(666)	(3,650)
43	Net increase (decrease) in other current liabilities excluding debt.....	(7,851)	(5,564)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(9,814)	12,425
45	Write off non cash current asset .....	91	0
46	AMORT. BOND ISSUE COSTS. ....	0	106
47	Net Cash Provided (Used) By Operating Activities .....	\$ 11,555	\$ 19,798

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment: Additions to property and equipment .....	\$ 8,291	\$ 14,858
49	Less: Capital lease obligations incurred .....	0	0
50	Cash Outflows For Property And Equipment .....	\$ 8,291	\$ 14,858
51	Acquisition Of Business Entries: Property and equipment acquired .....	\$	\$
52	Goodwill acquired .....		
53	Net assets acquired other than cash, goodwill, and property and equipment .....		
54	Long-term debt assumed .....		
55	Issuance of stock or capital invested .....		
56	Cash Outflows To Acquire Business Entries .....	\$	\$
57	Stock Issued Or Capital Contributions: Total issuances of stock or capital contributions .....	\$	\$
58	Less: Issuances to settle long-term debt .....		
59	Consideration in acquisition of business entities .....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions .....	\$	\$
	Non cash dividend to SBI .....		7,000

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 91	* Revised (d) 19 90
1	Net Cash Provided(Used) By Operating Activities .....	\$ 11,555	\$ 19,798
2	Cash Flows From Investing Activities:		
	Purchase of short-term investment securities .....		
3	Proceeds from the sale of short-term investment securities .....		
4	Cash outflows for property and equipment .....	(8,291)	(14,858)
5	Proceeds from disposition of property and equipment .....	131	113
6	Purchase of casino reinvestment obligatons .....	(2,020)	(2,225)
7	Purchase of other investments and loans/advances made .....		(3,353)
8	Proceeds from disposal of investments and collection of advances and long-term receivables .....	5,041	0 *
9	Cash outflows to acquire business entities .....		
10	INVESTMENT IN SHOWBOAT, INC. ....	0	(1,104)
11	.....		
12	Net Cash Provided (Used) By Investing Activities .....	(5,139)	(21,427)
13	Cash Flows From Financing Activities:		
14	Cash proceeds from issuance of short-term debt .....		
15	Cash proceeds from issuance of long-term debt .....		
16	Cost of issuing debt .....		
17	Payments to settle long-term debt .....	(2,168)	(2,021)
18	Cash proceeds from issuing stock or capital contributions .....		
19	Purchases of treasury stock .....		
20	Payments of dividends or capital withdrawals .....	0	
21	..... NOTE 17.....	0	
22	.....		
23	Net Cash Provided (Used) By Financing Activities .....	(2,168)	(2,021)
24	Net Increase (Decrease) In Cash And Cash Equivalents .....	4,248	(3,650)
25	Cash And Cash Equivalents At Beginning Of Years .....	32,300	39,964
26	Cash And Cash Equivalents At End Of Years .....	\$ 36,548	\$ 36,314

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For: Interest ( net of amount capitalized) .....	\$ 9,331	\$ 21,801
28	Income taxes .....	\$ 650	\$ 0

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

## SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER, 19 91

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks .....	3,129		
2	Returned patrons' checks .....	5,732		
3	Total patrons' checks .....	8,861	\$ 4,440	\$ 4,421
4	Hotel Receivables .....	354	114	240
	Other Receivables:			
5	Receivables due from officers and employees.....			
6	Receivables due from affiliates .....			
7	Other accounts and notes receivables .....	423		
8	Total other receivables .....	423	-0-	423
9	Totals (Form 205).....	\$ 9,638	\$ 4,554	\$ 5,084

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) .....	\$ 4,608
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	98,257
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) .....	( 67,424 )
13	Checks collected through deposits .....	( 26,486 )
14	Checks transferred to returned checks .....	( 5,826 )
15	Other adjustments .....	
16	Ending Balance .....	\$ 3,129
17	"Hold" Checks Included In Balance On Line 16 .....	\$
18	Provision For Uncollectible Patrons' Checks .....	\$ 1,861
19	Provision As A Percent Of Counter Checks Issued .....	1.9

ATLANTIC CITY SHOWBOAT, INC.  
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Disclosure

In accordance with the Quarterly Report Instructions, we have not submitted updated information of significant accounting policies, aggregate maturities of long term debt, future lease obligations and the reconciliation of the provision for income taxes to the statutory rate. There have been no significant changes to the information submitted in our December 31, 1990 Annual Report.

Cash and Cash Equivalents

Included in cash are cash equivalents of \$28,183,000 and \$27,286,000 as of September 30, 1991 and 1990, respectively.

For financial purposes, Atlantic City Showboat, Inc., (ACS), considers all highly liquid purchases with an original maturity of three months or less to be cash equivalents.

2. RELATED PARTY TRANSACTIONS

In November 1985, ACS and Showboat, Inc., (SBO), entered into a Parent Services Agreement whereby SBO has agreed to provide ACS with executive, financial, data processing, legal, marketing, tax planning and compliance, and administrative services. SBO's services are intended to support and supplement the routine functions and responsibilities of the ACS staff and are not intended to substitute for ACS's performance or Ocean Showboat Inc.'s, (OSI's), oversight responsibilities. In addition to the services outlined above, SBO has also granted ACS a non-exclusive right to the use of each of SBO's trademarks, service marks, trade names and logos in the operation of ACS's business, including the registered trademark "Showboat".

In consideration for such services and license, ACS has agreed to pay SBO a fee equal to five percent of gross revenues, payable on a quarterly basis. The Bond Indenture of Ocean Showboat Finance Corporation, (OSFC), provides that this management fee may not be paid during any period in which certain tests are not met.

ATLANTIC CITY SHOWBOAT, INC.  
NOTES TO FINANCIAL STATEMENTS  
(continued)

2. RELATED PARTY TRANSACTIONS (CONTINUED)

On March 22, 1991, New Jersey Casino Control Commission, the Commission, approved a December, 1990 amendment to the Parent Services Agreement in which SBO and ACS agreed, effective January 1, 1990, to cancel and terminate the ACS's obligation to pay management fees to SBO during the period from January 1, 1990 until the fees accrued prior to January 1, 1990 (approximately \$25,000,000 net of federal income taxes of \$14,542,000) are paid in full to SBO and that upon payment in full, the obligation to pay fees will recommence for periods beginning after payment of the accrued fees. Currently, accrued management fees can be paid once earnings before interest expense and income taxes on a rolling twelve-month basis is 1.5 times the interest expense for the next twelve months (Threshold). As a result of the ACS's 1990 operating results, ACS's 1990 bond repurchase which resulted in a \$6,015,000 pre-tax gain and a \$2,100,000 expected reduction in interest expense in the next twelve months, ACS met the Threshold and paid \$5,000,000 (net of federal income taxes of \$2,575,000), in management fees to SBO in January 1991. Further, the Commission ruled that all payments of management fees must receive prior approval of the Commission.

For the nine months ended September 30, 1991, and 1990, management fee expenses of -0- and \$11,940,000 have been incurred respectively. As of September 30, 1991 and 1990 management fees of \$24,843,000 and \$50,930,000 have accrued, respectively. Investment advances and receivables balance of \$16,819,000 and \$23,752,000 at September 30, 1991 and 1990 include \$ 9,530,000 and \$18,571,000 (receivables from SBO related to federal income taxes). Since January 1991, ACS has paid management fees to SBO of \$9,300,000, net of intercompany income taxes.

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

2. RELATED PARTY TRANSACTIONS (CONTINUED)

On March 18, 1987, OSFC issued \$180,000,000 of Bonds, with interest payable semi-annually at the annual rate of 11.375%. The proceeds and related issuance costs of the Bonds were subsequently transferred to ACS in exchange for a promissory note containing the same terms and conditions to which OSFC is subject. OSFC is required to redeem, on March 15th in each year, commencing in 1994 and ending in 2001, \$18,000,000 of Bonds at a redemption price equal to 100% of the principal amount thereof. During the year ended December 31, 1990, ACS purchased \$18,460,000 face value of the Bonds. ACS can apply these purchased Bonds toward the required redemption which, if applied, would satisfy the requirement for March 15, 1994. The Bonds are secured by a leasehold mortgage on ACS's ground lease on the site of Atlantic City Showboat, the Atlantic City Showboat complex, and certain personal property. The Bonds are unconditionally guaranteed by OSI. The Indenture places significant restrictions on the payment of dividends, the making of loans and advances by ACS to SBO and its Las Vegas subsidiaries, the payment of management fees to SBO, the incurrence of additional indebtedness by ACS, except for up to \$15,000,000 of short-term borrowing, and ACS's investment activities.

Assets and Liabilities consist of the following:

	1990	1989
Buildings & Improvements	22,411,000	21,436,000
Furniture, Fixtures & Equip	1,000,000	1,074,000
Leases	10,000	10,000
Investments under capital lease	1,000,000	1,000,000
Accounts receivable	1,000,000	1,000,000
Furniture, Fixtures & Equip	1,000,000	1,000,000
Construction in Progress	1,000,000	1,000,000
	27,411,000	27,510,000
Long Term Debt	1,000,000	1,000,000
Accounts payable	1,000,000	1,000,000
	2,000,000	2,000,000

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

3. RECEIVABLES

Receivables consist of the following:

	SEPT 30	SEPT 30
	1991	1990
Casino	\$ 8,861,000	\$10,674,000
Hotel	354,000	624,000
Other	423,000	764,000
	\$ 9,638,000	\$12,062,000
Less allowance for Doubtful Accts.	4,554,000	4,751,000
	\$ 5,084,000	\$ 7,311,000

4. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	SEPT 30	SEPT 30
	1991	1990
Building & Improvements	\$196,944,000	\$194,698,000
Furniture, Fixtures & Equip	57,753,000	52,594,000
Vehicles	118,000	153,000
Properties under capital lease		
Building	2,050,000	2,050,000
Furniture, Fixtures & Equip	19,686,000	20,191,000
Construction in Progress	1,479,000	2,596,000
	\$278,030,000	\$272,282,000
Less accumulated depreciation & amortization	72,068,000	54,485,000
	\$205,962,000	\$217,797,000

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	SEPT 30	SEPT 30
	1991	1990
Salaries and Wages	\$ 3,339,000	\$ 3,083,000
Progressive Slot Liability	2,275,000	2,250,000
Medical Claims-Employee	1,395,000	1,245,000
Taxes-Other	388,000	794,000
DGE/CCC Charges	842,000	772,000
Settlement Claims	649,000	1,051,000
Payroll Taxes	1,152,000	1,162,000
Management Bonus	1,502,000	954,000
Advertising	659,000	1,800,000
Accrued Officers Club Coin	1,572,000	1,197,000
Other	650,000	440,000
	\$14,423,000	\$14,748,000

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	SEPT 30	SEPT 30
	1991	1990
Due to Affiliates - Interest	\$ 766,000	\$ 853,000
Management Fee Payable Current	1,661,000	-0-
Other	769,000	703,000
	\$ 3,196,000	\$ 1,556,000

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

7. LONG TERM DEBT, DUE TO AFFILIATES

Long-term debt, due to affiliates consist of the following:

	SEPT 30	SEPT 30
	1991	1990
On March 18, 1987, ACS incurred a Promissory Note to OSF (see Note 2 and 16) for \$180,000,000 with interest payable semi-annually at the annual rate of 11.375%	\$161,540,000 =====	\$180,000,000 =====

8. LONG TERM DEBT, OTHER

Long-term debt, other consist of the following:

	SEPT 30	SEPT 30
	1991	1990
Capitalized lease obligations (Note 9)	\$ 10,264,000	\$ 13,079,000
Less current maturities	<u>3,277,000</u>	<u>2,957,000</u>
	\$ 6,987,000 =====	\$ 10,122,000 =====

ACS has available a \$10,000,000 unsecured line of credit from a bank which expires May 31, 1992 with interest payable at the bank's prime rate + 1/2 %. Under the terms of its agreement with the bank, ACS may utilize a maximum of \$5 million of the fund available under this line for repurchase of its bonds or payment of management fees to SBO without prior approval from the bank.

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

9. LEASES

ACS leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which range from 5 to 7 years expiring through 1994, and a warehouse, which is for 15 years expiring in 2001, are classified as capital leases. ACS renegotiated the warehouse lease to extend the purchase option date in the original lease, reduce the lease payments, and remove the SBO guarantee. Under the terms of the new lease, the option date is extended to 1996 at which time ACS may exercise its option to purchase the warehouse anytime from 1996 through March 31, 2001 at the original option price of \$1,928,000.

ACS is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey for a term of 99 years commencing October 1983. Annual rent payments, payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted based upon increases or decreases in the Consumer Price Index, not to exceed 10% per year during the second through the sixth lease year. In April 1991, the annual rent increased \$355,000 to \$7,631,000. ACS is responsible for taxes, assessments, insurance and utilities.

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$6,206,000 and \$5,554,000 for the nine months ended September 30, 1991 and 1990 respectively.

10. NON-OPERATING INCOME (EXPENSE)

For the nine months ended September 30, 1991 and 1990, Non-Operating Income (Expense) is:

	<u>SEPT 30</u>	<u>SEPT 30</u>
	<u>1991</u>	<u>1990</u>
Interest Income on temporary Cash Investments	\$1,416,000	\$2,064,000
Loss on Disposal of Prop. & Equipment	<u>( 402,000)</u>	<u>( 685,000)</u>
	<u>\$1,014,000</u>	<u>\$1,379,000</u>
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.  
NOTES TO FINANCIAL STATEMENTS  
(continued)

11. STOCK INCENTIVE PLAN

On May 17, 1990, the shareholders of SBO approved a long-term incentive plan in which officers and key employees of ACS participate. Up to 600,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. Restricted shares and options shall vest over a five-year period. The options are exercisable, subject to vesting, over ten years at option prices determined by the Compensation Committee and subject to the approval of the Board of Directors provided that the option price is not less than 75% of the fair market value of SBO's common stock determined on the date of grant of the options. As of September 30, 1991, 226,250 stock options have been granted at fair market value and 99,200 restricted shares have been issued to its officers and key employees from SBO shares purchased by ACS. At September 30, 1991 Investment Advances and Receivables on the balance sheet includes \$435,000 representing the cost of 65,200 shares of SBO stock purchased and unissued for use by the ASC for the long-term incentive plan.

Unearned compensation representing restricted stock issued for future services was recorded on the date of shareholder approval at the market value of SBO's common stock of \$7.625 and is being amortized ratably from the date of the grant over the five year period as it is earned. Compensating expense of \$111,000 and \$310,000 was recognized for the nine months ended September 30, 1991 and 1990, respectively. Unearned compensation at September 30, 1991 and 1990 is \$284,000 and \$570,000, and is included on the balance sheet in Other Assets.

12. EMPLOYEE BENEFIT PLANS

Effective November 1, 1989, ACS amended its retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the amended plan, an eligible employee may defer up to 3 percent of their salary of which 100 percent is matched by the Company. Eligible employees may contribute an additional 12 percent of their salary which will not be matched by ACS. ACS contributed \$524,000 and \$520,000 to this plan for the nine months ended September 30, 1991 and 1990, respectively.

ACS's union employees are covered by union-sponsored, collective bargained, multi-employer pension plans. Contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of man-hours worked. Contributions to these plans were \$2,186,000 and \$2,519,000 for the nine months ended September 30, 1991 and 1990, respectively.

ATLANTIC CITY SHOWBOAT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 (continued)

13. COMPLIMENTARIES

Promotional Allowances

	Nine Months Ended Sept 30, 1991		Three Months Ended Sept 30, 1991	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Rooms	39,000	\$ 4,262,000	15,000	\$1,625,000
Food	903,000	8,794,000	371,000	3,609,000
Beverage	2,032,000	4,529,000	775,000	1,716,000
Showroom	<u>61,000</u>	<u>604,000</u>	<u>29,000</u>	<u>286,000</u>
	3,035,000	\$18,189,000	1,190,000	\$7,236,000
	=====	=====	=====	=====

Promotional Expenses

	Nine Months Ended Sept 30, 1991		Three Months Ended Sept 30, 1991	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Coin	1,319,000	\$14,597,000	482,000	\$4,827,000
Travel	6,000	1,191,000	2,000	417,000
Other	<u>44,000</u>	<u>404,000</u>	<u>17,000</u>	<u>163,000</u>
	1,369,000	\$16,192,000	501,000	\$5,407,000
	=====	=====	=====	=====

Promotional allowances represent complimentaries furnished gratuitously to customers of ACS goods and services, such as free room, food and beverage. The sales value of these complimentaries are included in the respective revenue classification and are then deducted as promotional allowances.

Promotional expenses are complimentaries furnished gratuitously to customers of non-revenue producing items such as coin coupons issued to patrons and reimbursement of travel expenses. These charges are included in selling, general and administrative expense.

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

ATLANTIC CITY SHOWBOAT, INC.  
NOTE TO FINANCIAL STATEMENTS  
(continued)

14. INCOME TAXES

Income tax expense (benefit) consists of the following:

	<u>SEPT 30</u>	<u>SEPT 30</u>
	1991	1990
Current	\$2,745,000	(\$ 2,832,000 )
Deferred	<u>3,095,000</u>	<u>1,461,000</u>
	\$5,840,000	(\$ 1,371,000 )
State Taxes	<u>-0-</u>	<u>-0-</u>
	<u>\$5,840,000</u>	<u>(\$ 1,371,000 )</u>

15. NEW JERSEY INVESTMENT OBLIGATION

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on a gaming license based upon its gross casino revenues after completion of its first full year of operation. This assessment may be satisfied by investing in qualified direct investments, purchasing bonds issued by the Casino Reinvestment Development Authority, (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA.

Deposits with the CRDA bear interest at two-thirds of market rate, resulting in a current value lower than cost. At September 30, 1991 and 1990, investments, advances and receivables include \$6,856,000 and \$4,957,000, respectively representing ACS's obligation to the CRDA of \$10,258,000 at September 30, 1991 and \$7,410,000 at September 30, 1990 net of an allowance for the interest rate differential of \$3,402,000 and \$2,453,000, respectively.

16. SUBSEQUENT EVENT

From October 17, 1991 to the current date, ACS purchased \$7,031,000 face value of OSFC's 11-3/8% Mortgage-Backed Bonds due 2002 (Bonds) for \$6,771,000. Accordingly, ACS realized an extraordinary gain of \$186,000 before income taxes of approximately \$60,000 resulting in an after-tax gain of \$126,000. The purchase of the Bonds will reduce ACS's interest expense by approximately \$800,000 annually.

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

:  
:ss.  
:

MARK J. MILLER

Name

, being duly sworn according to law upon my oath

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

  
Signature

VICE-PRESIDENT/FINANCE

Title

3587-11

License Number

Subscribed and sworn to  
before me this 15<sup>th</sup> day  
of NOVEMBER, 19 91

On Behalf Of: .

  
Signature

A.C. ShowBOAT, inc.  
Casino Licensee

BRENDA SUE WALLACE  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Jan. 30, 1995.

Basis of Authority  
to Take Oaths

TRADING NAME OF LICENSEE \_\_\_\_\_

## HOTEL STATISTICS

FOR THE <sup>9</sup> MONTHS ENDED September 30, 19<sub>91</sub>

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	516	15,996	10,004	\$ 63.87	62.5%	17,416	\$ 36.69
FEBRUARY	516	14,448	11,665	\$ 64.33	80.7%	18,660	\$ 40.22
MARCH	516	15,939	13,061	\$ 65.46	81.9%	20,970	\$ 40.77
1ST QUARTER TOTALS		46,383	34,730	\$ 64.63	74.9%	57,046	\$ 39.35
APRIL	516	15,270	13,160	\$ 62.87	86.2%	21,277	\$ 38.89
MAY	516	15,816	13,139	\$ 70.63	83.1%	19,518	\$ 47.54
JUNE	516	15,120	13,296	\$ 67.02	87.9%	21,984	\$ 40.53
2ND QUARTER TOTALS		46,206	39,595	\$ 66.84	85.7%	62,779	\$ 42.15
JULY	516	15,674	14,230	\$ 75.50	90.8%	27,907	\$ 38.50
AUGUST	516	15,726	14,260	\$ 75.25	90.7%	25,350	\$ 42.33
SEPTEMBER	516	15,325	12,426	\$ 72.62	81.1%	19,987	\$ 45.15
3RD QUARTER TOTALS		46,725	40,916	\$ 74.54	87.6%	73,244	\$ 41.64
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

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# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

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LICENSEE Bally's Park Place, Inc., New Jersey  
 ADDRESS Park Place and the Boardwalk  
Atlantic City, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TO THE  
 CASINO CONTROL COMMISSION  
 OF THE  
 STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE  
 OF CORRESPONDENCE REGARDING  
 THIS QUARTERLY REPORT . . . . Joseph A. D'Amato  
 OFFICIAL TITLE . . . . . Vice President and Treasurer  
 ADDRESS . . . . . Park Place and the Boardwalk  
Atlantic City, NJ 08401

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TITLE	FORM NO
Balance Sheets	CCC-20
Statements of Income (Year-to-Date)	CCC-21
Statements of Income (Three Months)	CCC-21
Statements of Changes in Stockholders' Equity	CCC-22
Statements of Changes in Partners' or Proprietor's Equity	CCC-22
Statements of Cash Flows	CCC-23
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-24
Statement of Conformity and Accuracy	CCC-25

**BALANCE SHEETS**

SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991 (c)	1990 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash . . . . .	\$ 9,109	\$ 6,405
2	Marketable securities . . . . .	---	---
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$7,433; 1990, \$6,620) . . . . .	5,113	9,269
4	Inventories . . . . .	2,409	4,716
5	Prepaid expenses and other current assets . . . . . NOTE 2 . .	7,943	4,868
6	Total current assets . . . . .	24,574	25,258
7	Investments, Advances, and Receivables . . . . . NOTE 10 .	86,764	83,003
8	Property and Equipment - Net . . . . . NOTE 3 . .	498,891	511,424
9	Other Assets . . . . .	14,899	16,371
10	Total Assets . . . . .	\$ 625,128	\$ 636,056
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
11	Accounts payable . . . . .	\$ 7,297	\$ 19,976
12	Notes payable . . . . .	---	---
	Current portion of long-term debt:		
13	Due to affiliates . . . . .	28,000	---
14	Other . . . . .	38	37
15	Income taxes payable and accrued . . . . . NOTE 1 . .	6,680	3,611
16	Other accrued expenses . . . . . NOTE 11 . .	26,390	22,499
17	Other current liabilities . . . . .	1,598	2,896
18	Total current liabilities . . . . .	70,003	49,019
	Long Term Debt:		
19	Due to affiliates . . . . . NOTE 4 . .	350,000	350,000
20	Other . . . . . NOTE 4 . .	24,834	66,821
21	Deferred Credits . . . . . NOTE 5 . .	12,596	10,327
22	Other Liabilities . . . . . NOTE 6 . .	27,750	24,770
23	Commitments And Contingencies . . . . . NOTE 14		
24	Total Liabilities . . . . .	485,183	500,937
25	Stockholders', Partners', or Proprietors' Equity . . . . .	139,945	135,119
26	Total Liabilities and Equity . . . . .	\$ 625,128	\$ 636,056

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991 (c)	1990 (d)
	<i>REVENUE:</i>		
1	Casino .....	\$ 206,888	\$ 207,008
2	Rooms .....	27,205	26,997
3	Food and Beverage .....	28,659	27,559
4	Other .....	10,106	8,704
5	Total Revenue .....	272,858	270,268
6	Less: Promotional allowances .....	(28,366)	(24,337)
7	Net Revenue .....	244,492	245,931
	<i>COSTS AND EXPENSES:</i>		
8	Costs of Goods and Services .....	125,899	129,023
9	Selling, General, and Administrative .....	48,564	45,309
10	Provision for Doubtful Accounts .....	1,269	1,885
11	Depreciation and Amortization .....	22,080	19,922
	Charges from affiliates other than interest:		
12	Management Fees .....	---	---
13	Other .....	---	---
14	Total costs and expenses .....	197,812	196,139
15	Income (Loss) From Operations .....	46,680	49,792
	Other Income (Expenses)		
16	Interest (expense) - affiliates .....	(31,069)	(29,555)
17	Interest (expense) - external .....	(4,751)	(3,171)
18	Investment alternative tax and related income (expense) - net .....	(1,018)	(1,153)
19	Nonoperating income (expense) - net .....	4,760	3,619
20	Total other income (expenses) .....	(32,078)	(30,260)
21	Income (Loss) Before Income Taxes and Extraordinary Items .....	14,602	19,532
22	Provision (credit) for income taxes .....	6,719	8,419
23	Income (Loss) Before Extraordinary Items .....	7,883	11,113
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) .....	---	---
25	Net Income (Loss) .....	\$ 7,883	\$ 11,113

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991 (c)	1990 (d)
	<b>REVENUE:</b>		
1	Casino . . . . .	\$ 77,352	\$ 71,343
2	Rooms . . . . .	11,284	10,591
3	Food and Beverage . . . . .	10,760	9,513
4	Other . . . . .	3,610	3,118
5	Total Revenue . . . . .	103,006	94,565
6	Less: Promotional allowances . . . . . NOTE 7 . .	(10,517)	(8,509)
7	Net Revenue . . . . .	92,489	86,056
	<b>COSTS AND EXPENSES:</b>		
8	Costs of Goods and Services . . . . .	45,161	44,473
9	Selling, General, and Administrative . . . . .	17,164	14,960
10	Provision for Doubtful Accounts . . . . .	222	583
11	Depreciation and Amortization . . . . .	7,314	6,757
	Charges from affiliates other than interest:		
12	Management Fees . . . . .	---	---
13	Other . . . . .	---	---
14	Total costs and expenses . . . . .	69,861	66,773
15	Income (Loss) From Operations . . . . .	22,628	19,283
	Other Income (Expenses)		
16	Interest (expense) - affiliates . . . . . NOTE 8 . .	(10,379)	(9,700)
17	Interest (expense) - external . . . . . NOTE 8 . .	(1,294)	(1,546)
18	Investment alternative tax and related income (expense) - net . . . . . NOTE 12 . .	(540)	(343)
19	Nonoperating income (expense) - net . . . . . NOTE 13 . .	1,504	1,775
20	Total other income (expenses) . . . . .	(10,709)	(9,814)
21	Income (Loss) Before Income Taxes and Extraordinary Items . . . . .	11,919	9,469
22	Provision (credit) for income taxes . . . . . NOTE 9 . .	5,423	3,980
23	Income (Loss) Before Extraordinary Items . . . . .	6,496	5,489
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) . . . . .	---	---
25	Net Income (Loss) . . . . .	\$ 6,496	\$ 5,489

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991		1990	
		SHARES (c)	DOLLARS (d)	SHARES (e)	DOLLARS (f)
	<i>Common Stock:</i>				
1	Beginning balance (January 1) . . . . .	100	\$ 93,987	100	\$ 93,987
2	Sale of stock . . . . .				
3	_____ . . . . .				
4	Ending balance . . . . .	100	93,987	100	93,987
	<i>Preferred Stock:</i>				
5	Beginning balance (January 1) . . . . .	---	---	---	---
6	Sale of stock . . . . .				
7	_____ . . . . .				
8	Ending balance . . . . .	---	---	---	---
	<i>Additional Paid-in Capital:</i>				
9	Beginning balance (January 1) . . . . .		34,652		34,652
10	_____ . . . . .				
11	_____ . . . . .				
12	Ending balance . . . . .		34,652		34,652
	<i>Treasury Stock:</i>				
13	Beginning balance (January 1) . . . . .	---	---	---	---
14	Purchase of additional stock . . . . .				
15	Sale or retirement of stock . . . . .				
16	Ending balance . . . . .	---	---	---	---
	<i>Subscriptions Receivable For Capital stock:</i>				
17	Beginning balance (January 1) . . . . .	---	---	---	---
18	_____ . . . . .				
19	_____ . . . . .				
20	Ending balance . . . . .	---	---	---	---
	<i>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</i>				
21	Beginning balance (January 1) . . . . .		---		---
22	_____ . . . . .				
23	_____ . . . . .				
24	Ending balance . . . . .		---		---
	<i>Retained Earnings:</i>				
25	Beginning balance (January 1) . . . . .		3,423		(733)
26	Prior period adjustments . . . . .				
27	Net income (loss) . . . . .		7,883		11,113
28	Dividends . . . . .				(3,900)
29	_____ . . . . .				
30	_____ . . . . .				
31	Ending balance . . . . .		11,306		6,480
32	<b>Ending Stockholders' Equity . . . . .</b>		<b>\$ 139,945</b>		<b>\$ 135,119</b>

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
 TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

**STATEMENT OF CHANGES IN PARTNERS'  
 OR PROPRIETOR'S EQUITY**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
 (\$ IN THOUSANDS)  
 NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	1991 (c)	1990 (d)
	Invested Capital:		
1	Beginning Balance (January 1) . . . . .	\$	\$
2	Additional capital invested . . . . .		
3	_____ . . . . .		
4	Ending balance . . . . .		
	Accumulated Income (Loss):		
5	Beginning Balance (January 1) . . . . .		
6	Prior period adjustments . . . . .		
7	Net income (loss) . . . . .		
8	_____ . . . . .		
9	Ending balance . . . . .		
	Capital Withdrawals:		
10	Beginning Balance (January 1) . . . . .	( )	( )
11	Additional capital withdrawals . . . . .	( )	( )
12	_____ . . . . .		
13	Ending balance . . . . .	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning Balance (January 1) . . . . .	( )	( )
15	_____ . . . . .		
16	_____ . . . . .		
17	Ending balance . . . . .	( )	( )
18	Ending Partners' Or Proprietor's Equity . . . . .	\$	\$

The accompanying notes are an integral part of the financial statements.  
 Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	Description (b)	1991 (c)	1990 (d)
1	Net Cash Provided (Used) By Operating Activities . . . . .	\$ 35,227	\$ 35,473
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities . . . . .	---	---
3	Proceeds from the sale of short-term investment securities . . . . .	---	---
4	Purchase outflows for property and equipment . . . . .	(7,178)	(48,998)
5	Proceeds from disposition of property and equipment . . . . .	---	---
6	Purchase of casino reinvestment obligations . . . . .	(1,753)	(2,259)
7	Purchase of other investments and loans/advances made . . . . .	(1,583)	(51,160)
8	Proceeds from disposal of investments and collection of advances and long-term receivables . . . . .	30	156
9	Cash outflows to acquire business entities . . . . .	---	---
10	_____ . . . . .	---	---
11	_____ . . . . .	---	---
12	Net Cash Provided (Used) By Investing Activities . . . . .	(10,484)	(102,261)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt . . . . .	---	---
14	Payments to settle short-term debt . . . . .	---	---
15	Cash proceeds from issuance of long-term debt . . . . .	46,500	123,127
16	Costs of issuing debt . . . . .	---	---
17	Payments to settle long-term debt . . . . .	(100,528)	(61,103)
18	Cash proceeds from issuing stock or capital contributions . . . . .	---	---
19	Purchases of treasury stock . . . . .	---	---
20	Payments of dividends or capital withdrawals . . . . .	---	---
21	Advance to Bally and affiliates. . . . .	28,000	(3,900)
22	_____ . . . . .	---	---
23	Net Cash Provided (Used) By Financing Activities . . . . .	(26,028)	58,124
24	Net Increase (Decrease) In Cash And Cash Equivalents . . . . .	(1,285)	(8,664)
25	Cash And Cash Equivalents At Beginning Of Period . . . . .	10,394	15,069
26	Cash And Cash Equivalents At End Of Period . . . . .	\$ 9,109	\$ 6,405

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:		1991	1990
27	Interest (net of amount capitalized) . . . . .	\$ 45,816	\$ 41,187
28	Income taxes . . . . .	\$ 2,743	\$ 6,804

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	1991 (c)	1990 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss) . . . . .	\$ 7,883	\$ 11,113
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment . . . . .	19,511	18,643
31	Amortization of other assets . . . . .	1,278	1,279
32	Amortization of debt discount or premium . . . . .	---	---
33	Deferred income taxes - current . . . . .	(2,300)	(794)
34	Deferred income taxes - noncurrent . . . . .	670	(506)
35	(Gain) loss on disposition of property and equipment . . . . .	---	---
36	(Gain) loss on casino reinvestment obligations . . . . .	1,018	1,092
37	(Gain) loss from other investment activities . . . . .	191	68
38	Net (increase) decrease in receivables and patrons' checks . . . . .	4,494	1,122
39	Net (increase) decrease in inventories . . . . .	2,519	(932)
40	Net (increase) decrease in other current assets . . . . .	(971)	(1,447)
41	Net (increase) decrease in other assets . . . . .	92	(983)
42	Net increase (decrease) in accounts payables . . . . .	(2,639)	5,203
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	(276)	(2,953)
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	2,250	3,270
45	Net book value of disposals . . . . .	216	1,298
46	CRDA obligation amortization . . . . .	1,291	
47	Net Cash Provided (Used) By Operating Activities . . . . .	\$ 35,227	\$ 35,473

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment . . . . .	\$ 7,178	\$ 48,998
49	Less: Capital lease obligations incurred . . . . .	---	---
50	Cash Outflows For Property And Equipment . . . . .	\$ 7,178	\$ 48,998
	Acquisition Of Business Entities:		
51	Property and equipment acquired . . . . .	\$ ---	\$ ---
52	Goodwill acquired . . . . .	---	---
53	Net assets acquired other than cash, goodwill, and property and equipment . . . . .	---	---
54	Long-term debt assumed . . . . .	---	---
55	Issuance of stock or capital invested . . . . .	---	---
56	Cash Outflows To Acquire Business Entities . . . . .	\$ ---	\$ ---
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions . . . . .	\$ ---	\$ ---
58	Less: Issuances to settle long-term debt . . . . .	---	---
59	Consideration in acquisition of business entities . . . . .	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions . . . . .	\$ ---	\$ ---

## STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

## SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1991

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks . . . . .	\$ 1,434		
2	Returned patrons' checks . . . . .	7,474		
3	Total patrons' checks . . . . .	8,908	\$ 7,183	\$ 1,725
4	Hotel Receivables . . . . .	1,404	250	1,154
	Other Receivables:			
5	Receivables due from officers and employees . . . . .	2		
6	Receivables due to affiliates . . . . .	1,173		
7	Other accounts and notes receivables . . . . .	1,059		
8	Total other receivables . . . . .	2,234	---	2,234
9	Totals (Form 205) . . . . .	\$ 12,546	\$ 7,433	\$ 5,113

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) . . . . .	\$ 1,886
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) . . . . .	61,594
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) . . . . .	(49,529)
13	Checks collected through deposits . . . . .	(10,196)
14	Checks transferred to returned checks . . . . .	(2,321)
15	Other adjustments . . . . .	---
16	Ending Balance . . . . .	\$ 1,434
17	"Hold" Checks Included In Balance On Line 16 . . . . .	\$ 0
18	Provision For Uncollectible Patrons' Checks . . . . .	\$ 1,268
19	Provision As A Percent Of Counter Checks Issued . . . . .	2.19



BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 1 - Notes to Financial Statements  
For the Nine Months Ended September 30, 1991 and 1990  
(Unaudited)

The accompanying financial statements of Bally's Park Place Casino Hotel and Tower (the "Company") should be read in conjunction with the consolidated financial statements in the Casino Control Commission Annual Report for the year December 31, 1990.

Please refer to the Annual Report for the following:

1. Summary of Significant Accounting Policies
2. Leases (except rent expense for the periods)
3. Provision for Income Taxes, Reconciliation to Statutory Rate
4. Pension Plans
5. Reinvestment Obligation
6. Capital Stock-Description of Features
7. Contingent Liabilities

Certain reclassifications have been made to the 1990 statements to conform to the 1991 presentation.

#### Investments in Subsidiaries

The Company has three wholly owned subsidiaries, B.W. Realty, Inc. (which operates a motel in Atlantic City), Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease) and Bally's Park Place Realty Company (which owns land in Atlantic City). The investments in these subsidiaries are reflected in the accompanying financial statements using the equity method.

#### Transactions with related parties

The accompanying financial statements reflect an allocation of costs and expenses incurred by Bally Manufacturing Corporation ("Bally") on behalf of the Company. This allocation method includes all such costs and expenses which are directly attributable to the Company and, in management's opinion, results in a reasonable allocation of Bally's expense to the Company. Certain other Bally costs, such as general corporate overhead, are not allocated to the Company. Further, since November 1990, certain management personnel of the Company assumed a more active role in the operation of Bally and its subsidiaries. Such costs were not allocated to Bally as they are not considered significant.

In April 1990, the Company advanced Bally \$50,000,000 secured by a promissory note allowing for payment on demand by the Company. The Company has no current intention of requesting payment. In addition, Bally's ability to repay the \$50,000,000 may be affected by its financial difficulties. The Company earns interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each quarter. Intercompany interest earned on this advance was \$1,049,000 and \$1,260,000 for the three months ended September 30, 1991 and 1990, respectively, and \$3,692,000 and \$2,356,000 for the nine months ended September 30, 1991 and 1990, respectively.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 1 - Notes to Financial Statements  
For the Nine Months Ended September 30, 1991 and 1990  
(Unaudited)

In December 1990, the Company advanced GNOC Corp. ("Bally's Grand"), another wholly owned subsidiary of Bally, \$2,700,000. This advance is payable on demand by the Company, and the Company has no current intention of requesting payment. The Company earns interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each quarter. Intercompany interest earned on the advance to Bally's Grand for the three and nine months ended September 30, 1991 was \$57,000 and \$177,000, respectively.

Through September 30, 1991, Bally's Grand advanced the Company \$28,000,000, which was used by the Company to reduce its outstanding balance on its line of credit. The Company pays interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each month. The principal balance is due upon demand by Bally's Grand. Intercompany interest paid on the advance from Bally's Grand (for the three and nine months ended September 30, 1991) was \$348,000 and \$362,000, respectively.

The Company participated in the Bally insurance program for general liability and property coverage in 1991 and 1990. Under this program, general liability insurance expense was allocated to the Company based on claims experience. In 1991, Bally discontinued operations of its captive insurance subsidiary. Payments in 1991 to Bally for insurance coverage are reimbursements of premium payments made by Bally to non-affiliated insurance companies. General liability insurance expense allocated to the Company was \$95,000 and \$297,000 for the three months ended September 30, 1991 and 1990, respectively and \$285,000 and \$891,000 for the nine months ended September 30, 1991 and 1990, respectively.

The Company purchased slot machines and related services from other Bally subsidiaries for aggregate amounts of \$486,000 and \$0 for the three months ended September 30, 1991 and 1990, respectively and \$829,000 and \$861,000 for the nine months ended September 30, 1991 and 1990, respectively.

The Company leases surface area parking lots and an administrative facility to Bally's Grand. Rental income was \$174,000 and \$111,000 for the three months ended September 30, 1991 and 1990, respectively and \$522,000 and \$234,000 for the nine months ended September 30, 1991 and 1990, respectively. Certain administrative and support operations of the Company and Bally's Grand are consolidated. The Company allocated direct costs to Bally's Grand of \$649,000 and \$547,000 for the three months ended September 30, 1991 and 1990, respectively and \$1,875,000 and \$1,342,000 for the nine months ended September 30, 1991 and 1990, respectively, related to these consolidated operations.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 1 - Notes to Financial Statements  
For the Nine Months Ended September 30, 1991 and 1990  
(Unaudited)

Income Taxes

For the nine months ended September 30, 1991 and 1990, the income tax rate varied from the federal statutory rate of 34% (46.0% and 43.1%, respectively) due principally to state income taxes net of related income tax benefit.

The Company files a consolidated federal income tax return with Bally. As more fully disclosed in Bally's and the Company's Forms 10-Q for the quarter ended September 30, 1991, the Internal Revenue Service ("IRS") has raised certain issues pertaining to the tax accounting methods of other Bally subsidiaries. If the IRS were to prevail on these issues, the estimated amount due as of September 30, 1991, including interest (net of income tax benefit) and penalties, less net operating loss and credit carryforwards available to Bally, is approximately \$295 million.

Bally intends to vigorously oppose and, if necessary, litigate the IRS's proposed deficiencies with respect to these issues. Bally estimates that if the proposed deficiencies are fully litigated, the ultimate resolution of these issues is not likely to occur for approximately three to four years.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 2 - Prepaid Expenses and  
 Other Current Assets  
 September 30,  
 (Unaudited)

	<u>1991</u>	<u>1990</u>
Deferred Income Taxes	\$ 5,843,000	\$ 2,396,000
Prepaid Insurance	675,000	944,000
Prepaid Licenses-Casino	665,000	623,000
Other *	<u>760,000</u>	<u>905,000</u>
	<u>\$ 7,943,000</u>	<u>\$ 4,868,000</u>

\* No item in this category exceeds 5% of total current assets.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 3 - Property, Plant and Equipment  
 September 30,  
 (Unaudited)

	1991	1990*
Land	\$ 64,164,000	\$ 63,992,000
Buildings, Leasehold Improvements	535,926,000	498,342,000
Furniture, Fixtures and Equipment	131,153,000	127,597,000
Construction in Progress	2,640,000	32,146,000
	733,883,000	722,077,000
Less Accumulated Depreciation and Amortization	(234,992,000)	(210,653,000)
Property and Equipment, Net	\$498,891,000	\$511,424,000

\*Restated to conform with 1991 presentation.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 4 - Long-Term Debt, Affiliates and Other  
 September 30,  
 (Unaudited)

Long-Term Debt

	1991	1990
	(In thousands)	
Due to affiliates:		
11 7/8% First Mortgage Notes due 1999	\$350,000	\$350,000
Other:		
Revolving credit agreement	\$ 21,000	\$ 62,950
Other secured and unsecured debt	3,834	3,871
	\$ 24,834	\$ 66,821

In 1989, the Company issued \$350,000,000 principal amount of 11 7/8% First Mortgage Notes due in 1999 (the "Notes"). Beginning August 1996, annual sinking fund payments are required which will retire approximately 40 percent of the Notes prior to maturity. The Notes may be redeemed beginning August 1994, in whole or in part, with premiums ranging from 4.45 percent in 1994 to zero in 1997 and thereafter. The Notes are secured by property at Bally's Park Place, which had a net book value of \$434,909,142 at September 30, 1991. Debt issuance costs is being amortized using the bonds outstanding method.

The Company has an unsecured revolving credit agreement due June 30, 1994 which provides for borrowings, from time to time, of up to \$100,000,000 through June 30, 1992. The principal amount outstanding on June 30, 1992 is payable in four semi-annual installments beginning December 31, 1992. The unused part of the credit line at September 30, 1991 is \$79,000,000. The rate of interest on the borrowings (6.8% at September 30, 1991) is, at the Company's option, based upon the agent bank's prime rate or certain other short-term rates. The Company pays an annual fee of 3/8 of 1 percent on the unused commitment.

The Indentures relating to the Notes and the revolving credit agreement contain covenants restricting the Company's investment policies, total indebtedness, encumbrances on property and equipment securing the mortgage note, sale, transfer or lease of assets, and the amounts of additional debt which may be incurred. Payments of dividends are restricted in amount. At September 30, 1991, all but \$1,400,000 of retained earnings are so restricted. In addition, the Casino Control Commission (the "Commission") has restricted the transfer of funds from the Company to Bally and its affiliates outside of New Jersey without their prior approval.

In June 1991, the Company granted to the bankers involved in its revolving credit agreement, a mortgage on and security interest in all the property securing the 11 7/8% First Mortgage Notes. The banks rank pari passu in right of payment with the holders of the 11 7/8% First Mortgage Notes. The agreement was also approved by the Commission in June 1991.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 4 - Long-Term Debt, Affiliates and Other  
September 30,  
(Unaudited)

Long-Term Debt (Continued)

In May 1991, Bally entered into an Amended and Restated Credit Agreement with a syndicate of banks and Manufacturers Hanover Trust Company, as agent. The Amended and Restated Credit Agreement converted the existing borrowings under Bally's \$90 million unsecured Revolving Credit Agreement into a secured term loan and provided up to \$40 million in bridge loans (including a \$10 million bridge loan obtained by a subsidiary of Bally in March 1991) and a \$10 million letter of credit facility. The stock of the Company was pledged as collateral to support the Amended and Restated Credit Agreement. The letters of credit are available to support surety bonds and insurance requirements. The Amended and Restated Credit Agreement requires Bally to repay the bridge and term loans with an agreed upon amount of the proceeds from each of the sales of Bally's products and services businesses, if and when such sales are consummated. To the extent that asset sales are consummated and the bridge and term loans are repaid, such amounts repaid will not be available for reborrowing. In July 1991, Bally completed the sale of the assets of its Life Fitness computerized fitness equipment business. The cash proceeds from this sale were used to repay \$13,550,000 of the secured term loan and the outstanding bridge loans of \$13,150,000 at which time the bridge loan facility was terminated. In October 1991, Bally completed the sale of the assets of its Scientific Games instant lottery ticket and video lottery business. A portion of the cash proceeds from the Scientific Games sale was used to repay \$16,450,000 of the secured term loan. Following the completion of these transactions, the remaining balance of \$50,000,000 due under the secured term loan was required to be repaid in a \$10,000,000 installment on December 12, 1991, a \$30,000,000 installment on June 11, 1992, and a \$10,000,000 installment on December 12, 1992. In November 1991, Bally commenced a registered public offering of 30% of the common stock of a newly formed holding company organized to consolidate its gaming machine manufacturing and distribution operations. In connection therewith, Bally entered into an amendment to the Amended and Restated Credit Agreement which provides that, if the public offering is completed, at least \$25,000,000 of the proceeds from the public offering will be used to repay a portion of the secured term loan, with the remaining outstanding balance of \$25,000,000 being due on March 11, 1993. In addition, this amendment provides that upon receipt by the syndicate of banks of the \$25,000,000 payment at the completion of the public offering, the banks will release the lien on and security interest in the stock of a Bally subsidiary. This amendment also provides that if the public offering is not completed, the remaining balance of \$50,000,000 due under the secured term loan will be required to be repaid in a \$2,500,000 installment on December 12, 1991, a \$37,500,000 installment on June 11, 1992, and a \$10,000,000 installment on December 12, 1992.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 5 - Deferred Credits  
September 30,  
(Unaudited)

	<u>1991</u>	<u>1990</u>
Deferred Federal Income Taxes	\$2, <u>\$12,596,000</u>	<u>\$10,327,000</u>

In connection with the employment of certain officers, the Company has unfunded Supplemental Executive Retirement Plans. The participants earn benefits based on years of service and compensation. The Company recognizes this expense over the expected length of the officers' employment.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 6 - Other Liabilities  
 September 30,  
 (Unaudited)

	<u>1991</u>	<u>1990</u>
Accrued S.E.R.P.	<u>\$27,750,000</u>	<u>\$24,770,000</u>

In connection with the employment of certain officers, the Company has unfunded Supplemental Executive Retirement Plans. The participants earn benefits based on years of service and compensation. The Company recognizes this expense over the expected length of the officers' employment.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 7 - Complimentary Services  
 For the Three Months Ended September 30, 1991  
 (Unaudited)

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	32,118	\$ 3,965,000		
Food	256,315	2,769,000		
Beverage	842,379	1,685,000		
Parking	273,768	1,916,000		
Shows	3,491	59,000		
Other	4,091	123,000		
Travel			47,586	\$ 952,000
Coupon Redemption - Cash			427,935	3,914,000
Rooms off premises			150	9,000
Other			4,508	<u>225,000</u>
Total Amount of Services		<u>\$10,517,000</u>		<u>\$5,100,000</u>

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 7 - Complimentary Services  
 For the Nine Months Ended September 30, 1991  
 (Unaudited)

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	89,273	\$10,320,000		
Food	706,047	7,590,000		
Beverage	2,355,500	4,711,000		
Parking	759,143	5,314,000		
Shows	9,118	155,000		
Other	9,200	276,000		
Travel			146,900	\$ 2,938,000
Coupon Redemption - Cash			1,186,296	12,802,000
Rooms off premises			302	17,000
Other			11,140	557,000
<b>Total Amount of Services</b>		<u><u>\$28,366,000</u></u>		<u><u>\$16,314,000</u></u>

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 8 - Interest Expense  
 For the Three Months Ended September 30, 1991  
 (Unaudited)

	1991	1990
<u>Charges From Affiliates</u>		
Bally's Park Place Funding, Inc.	\$10,391,000	\$10,391,000
Capitalized interest	(12,000)	(691,000)
	\$10,379,000	\$ 9,700,000

<u>External Sources</u>		
Interest on various loans	\$ 1,297,000	\$ 1,730,000
Capitalized interest	(3,000)	(184,000)
	\$ 1,294,000	\$ 1,546,000

For the Nine Months Ended September 30, 1991

	1991	1990
<u>Charges From Affiliates</u>		
Bally's Park Place Funding, Inc.	\$31,172,000	\$31,172,000
Capitalized interest	(103,000)	(1,617,000)
	\$31,069,000	\$29,555,000

<u>External Sources</u>		
Interest on various loans	\$ 4,778,000	\$ 3,601,000
Capitalized interest	(27,000)	(430,000)
	\$ 4,751,000	\$ 3,171,000

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 9 - Provision for Income Taxes  
 For the Three Months Ended September 30,  
 (Unaudited)

	1991	1990
Current:		
Federal	\$5,172,000	\$4,039,000
State	<u>1,433,000</u>	<u>850,000</u>
	6,605,000	4,889,000
Deferred:		
Federal	(907,000)	(696,000)
State	<u>(275,000)</u>	<u>(213,000)</u>
	<u>(1,182,000)</u>	<u>(909,000)</u>
Total Income Taxes	<u>\$5,423,000</u>	<u>\$3,980,000</u>

Reconciliation For the Nine Months Ended September 30,  
 (less discount of \$4,986,000 in 1991 and \$5,360,000 in 1990)

	1991	1990
Current:		
Federal	\$6,462,000	\$7,919,000
State	<u>1,887,000</u>	<u>1,800,000</u>
	8,349,000	9,719,000
Deferred:		
Federal	(1,250,000)	(987,000)
State	<u>(380,000)</u>	<u>(313,000)</u>
	<u>(1,630,000)</u>	<u>(1,300,000)</u>
Total Income Taxes	<u>\$6,719,000</u>	<u>\$8,419,000</u>

Reconciliation of Deferred Income Taxes  
 For the Nine Months Ended September 30,

	1991	1990
Short-term	\$(2,300,000)	\$ (794,000)
Long-term	<u>670,000</u>	<u>(506,000)</u>
	<u>\$(1,630,000)</u>	<u>\$(1,300,000)</u>

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 10 - Investments, Advances and Receivables  
 September 30,  
 (Unaudited)

	<u>1991</u>	<u>1990</u>
<u>Other long-term investments and receivables:</u>		
Receivable from sale of retail merchandise (less reserve of \$250,000 in 1991)	\$ 1,045,000	\$ —
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,376,000	4,439,000
B.W. Realty, Inc. - 100% owned	<u>6,288,000</u>	<u>5,844,000</u>
Total investments in subsidiaries - equity	10,664,000	10,283,000
Casino Reinvestment Development Authority funds (less discount of \$4,986,000 in 1991 and \$5,360,000 in 1990)	4,064,000	4,422,000
Jacobs Family Terrace Mortgage Receivable (less reserve of \$175,000 in 1991 and 1990)	2,701,000	2,738,000
Bally's Park Place Realty Company	15,630,000	15,630,000
Bally Manufacturing Corporation	50,000,000	50,000,000
Bally's Grand	2,700,000	—
Less current portion	<u>(40,000)</u>	<u>(70,000)</u>
Total Investments, Advances and Receivables	<u>\$86,764,000</u>	<u>\$83,003,000</u>

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 11 - Other Accrued Expenses  
 September 30,  
 (Unaudited)

	<u>1991</u>	<u>1990</u>
Payroll	\$ 9,042,000	\$ 7,053,000
Progressive Jackpots	2,899,000	2,954,000
Interest	5,676,000	5,772,000
*Miscellaneous	<u>8,773,000</u>	<u>6,720,000</u>
Total	<u>\$26,390,000</u>	<u>\$22,499,000</u>

\* No item in this category exceeds 5% of total current liabilities.

BALLY'S PARK PLACE CASINO HOTEL AND TOWER

Note 12 - Reinvestment Obligation

September 30, 1991

(Unaudited)

The Company, pursuant to the New Jersey Casino Control Act (the "Act"), is subject to making qualified investments, as specified by the Act or become liable for an alternative tax (2.5% of gross casino revenues). The Company has fulfilled its obligation under the Act by making deposits to the Casino Reinvestment Development Authority (the "CRDA") and by direct investments.

At September 30, 1991 and 1990, the Company had \$8,251,000 and \$9,298,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$799,000 and \$484,000 in bonds with the CRDA as of September 30, 1991 and 1990, respectively.

	1991	1990
Remaining bond purchase commitments on deposit with the CRDA	\$8,251,000	\$9,298,000

For the Nine Months Ended September 30,

	1991	1990
Interest income	\$4,373,000	\$1,508,000
Net income or (loss) of consolidated subsidiaries		
Bally's Park Place, Inc.	(142,000)	(132,000)
Bally's Harwick, Inc.	(57,000)	63,000
Total	\$4,174,000	\$1,439,000

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
 Note 13 - Non-Operating Income  
 For the Three Months Ended September 30, 1991  
 (Unaudited)

	<u>1991</u>	<u>1990</u>
Interest income	\$1,340,000	\$1,598,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	29,000	61,000
Bally Warwick, Inc.	(18,000)	(10,000)
Other	<u>153,000</u>	<u>126,000</u>
Total	<u>\$1,504,000</u>	<u>\$1,775,000</u>

For the Nine Months Ended September 30,

	<u>1991</u>	<u>1990</u>
Interest income	\$4,373,000	\$3,508,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(142,000)	(132,000)
Bally Warwick, Inc.	(50,000)	63,000
Other	<u>579,000</u>	<u>180,000</u>
Total	<u>\$4,760,000</u>	<u>\$3,619,000</u>

BALLY'S PARK PLACE CASINO HOTEL AND TOWER  
Note 14 - Commitments and Contingencies  
September 30, 1991  
(Unaudited)

In January 1991, the Company received a \$4,600,000 tentative assessment from the New Jersey's Department of the Treasury (the "Treasury") alleging, pursuant to the Casino Control Act (the "Act"), that the Company in 1983 failed to have sufficient qualified investments in excess of casino revenues. The Act in effect in 1983 required in this situation that a casino pay an assessment to satisfy its investment obligation. The Company has been involved in active discussions with representatives of the Treasury to resolve this dispute. The framework of a settlement has been negotiated; however, a formal agreement has not been signed, although it is expected shortly. As a result, the Company has accrued and charged to operations in the third quarter \$1,000,000 to cover its estimated cost to settle this issue. Management believes that the final resolution of this matter will not have a material effect on its financial position or its liquidity.

For the years ended December 31, 1990, 1988 and 1987, the Company was insured for its general liability insurance coverage through a captive insurance subsidiary of Bally. Due to Bally's current financial condition, it is presently uncertain if Bally's captive insurance subsidiary will be able to honor all reported or unreported claims for these years. If this were to occur, it is estimated that the Company would be liable for payments of between \$900,000 and \$1,600,000 as of September 30, 1991. Management believes that the final resolution of this matter will not have a material effect on its financial position or its liquidity.

In April 1991, an insurance company that issued guaranteed interest contracts ("GICs") for inclusion in both Bally's and the Company's qualified 401(k) Plans was declared insolvent by the State of California's Insurance Commissioner (the "Commissioner"). Operations of this insurance company were assumed by the Commissioner. Approximately \$7.4 million of these GICs are held in a Master Trust, of which approximately 42% is attributable to the Company's 401(k) Plan. Although Bally and the Company had no legal obligation to fund any 401(k) Plan losses, Bally's Board of Directors, in June 1991, authorized Bally, and therefore the Company, to ensure that participants in the Company's 401(k) Plan not suffer any loss in value, as determined on March 31, 1991, to their 401(k) account balances which might otherwise occur due to this insolvency. As of October 11, 1991, several offers were made to the Commissioner to obtain operating control of the insolvent insurance company. Based on these offers, the Company accrued \$675,000 to cover its cost of reimbursing the participants of any shortfall in their 401(k) account balances. Management of the Company is unable to conclude that the amount provided will be sufficient to cover its guarantee until a final offer and the specific details of an acceptable offer is approved by the courts. Management of the Company does not believe that the final settlement will have a material effect on its financial position or its liquidity.

## HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,191	37,009	17,245	\$ 114.64	46.6 %	35,604	\$ 55.53
FEBRUARY	1,201	33,085	20,182	\$ 109.28	61.0 %	42,719	\$ 51.63
MARCH	1,267	35,273	25,338	\$ 105.12	71.8 %	51,140	\$ 52.08
1ST QUARTER TOTALS		105,367	62,765	\$ 109.07	59.6 %	129,463	\$ 52.88
APRIL	1,267	33,757	24,576	\$ 114.43	72.8 %	50,708	\$ 55.46
MAY	1,257	36,235	25,125	\$ 112.96	69.3 %	50,801	\$ 55.87
JUNE	1,267	35,497	28,897	\$ 119.55	81.4 %	58,815	\$ 58.74
2ND QUARTER TOTALS		105,489	78,598	\$ 115.84	74.5 %	160,324	\$ 56.79
JULY	1,267	37,019	30,163	\$ 134.17	81.4 %	66,337	\$ 61.00
AUGUST	1,267	37,355	32,766	\$ 129.44	87.7 %	72,454	\$ 58.54
SEPTEMBER	1,267	35,184	26,736	\$ 111.92	76.0 %	55,455	\$ 53.96
3RD QUARTER TOTALS		09,558	89,665	\$ 125.80	81.8 %	194,246	\$ 58.07
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

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LICENSEE GNOG, CORP. (Bally's Grand)  
ADDRESS P.O. Box 1737, Boston and Pacific Avenues  
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT. . . Tim Maland  
OFFICIAL TITLE . . . . . Vice President Finance and Administration  
ADDRESS . . . . . P.O. Box 1737, Boston and Pacific Avenues  
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE GNOC, CORP. (BALLY'S GRAND)

# LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TITLE	FORM NO.	1990	1991
Assets			
Current Assets		6,415	8,132
Cash		2,175	2,375
Accounts receivable	NOTE 2		
Inventory		4,240	5,058
Prepaid expenses and other current assets		1	1,908
Balance Sheets	NOTE 3	80	18,968
Statements of Income (Year-to-Date)	NOTE 4	3	7,991
Statements of Income (Three Months)	NOTE 5	264.3	235,973
Statements of Changes in Stockholders' Equity	NOTE 6	115.2	120,054
Statements of Changes in Partners' or Proprietor's Equity		412	420,364
Statements of Cash Flows		2,577.5	1,225
Notes to Financial Statements			
Schedule of Receivables and Patrons' Checks			
Statement of Conformity and Accuracy	NOTE 7	31	32,108
Liabilities			
Current Liabilities		1,345	1,541
Accounts payable		42,376	40,123
Accounts payable - related parties			
Notes payable			
Other current liabilities			
Long-Term Debt		268,346	267,347
Deferred Credits	NOTE 10	9,248	8,933
Other Liabilities	NOTE 11	39,130	39,246
Contingencies and Commitments	NOTE 12		
Total Liabilities		347,812	347,374
Memberships, Partners', Or Proprietor's Equity	NOTE 13	66,364	4,170
Total Liabilities and Equity		414,176	422,344

The accompanying notes are an integral part of the financial statements.  
 Valid completion must be made without using information presented in the notes.

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TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# BALANCE SHEETS

SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>ASSETS</b>		
	Current Assets:	\$	\$
1	Cash . . . . .	6,415	8,132
2	Marketable securities . . . . . NOTE 2 . .	2,175	2,375
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$14,425 ; 1990, \$13,817) . . . . .	4,896	5,058
4	Inventories . . . . .	1,195	1,808
5	Prepaid expenses and other current assets . . . . . NOTE 3 . .	40,336	18,968 *
6	Total current assets . . . . .	55,017	36,341 *
7	Investments, Advances, and Receivables . . . . . NOTE 4 . .	3,161	7,991 *
8	Property And Equipment - Net . . . . . NOTE 5 . .	244,813	255,978
9	Other Assets . . . . . NOTE 6 . .	115,205	120,034 *
10	Total Assets . . . . .	\$ 418,196	\$ 420,344 *
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
11	Accounts payable . . . . .	\$ 2,677	\$ 1,225
12	Notes payable . . . . .	2,700	-
	Current portion of long-term debt . . . . .		
13	Due to affiliates . . . . .	-	-
14	Other . . . . .	-	-
15	Income taxes payable and accrued . . . . .	4,743	4,849
16	Other accrued expenses . . . . . NOTE 7 . .	31,031	32,108
17	Other current liabilities . . . . . NOTE 8 . .	1,845	1,941 *
18	Total current liabilities . . . . .	42,996	40,123 *
	Long-Term Debt:		
19	Due to affiliates . . . . . NOTE 9 . .	266,368	267,847
20	Other . . . . .	-	-
21	Deferred Credits . . . . . NOTE 10 . .	9,348	8,935
22	Other Liabilities . . . . . NOTE 11 . .	30,100	29,269
23	Commitments And Contingencies . . . . . NOTE 17 . .	-	-
24	Total Liabilities . . . . .	348,812	346,174 *
25	Stockholders', Partners', Or Proprietor's Equity . . . . . NOTE 12 . .	69,384	74,170
26	Total Liabilities And Equity . . . . .	\$ 418,196	\$ 420,344 *

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

## STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino .....	148,226	152,005
2	Rooms .....	13,365	13,778
3	Food and beverage .....	20,566	20,987
4	Other .....	4,705	7,278
5	Total revenue .....	186,862	194,048
6	Less: Promotional allowances .....	21,606	22,262
7	Net revenue .....	165,256	171,786
	Costs And Expenses:		
8	Cost of goods and services .....	73,805	78,634
9	Selling, general, and administrative .....	49,824	49,754
10	Provision for doubtful accounts .....	1,196	779
11	Depreciation and amortization .....	13,334	11,044
	Charges from affiliates other than interest:		
12	Management fees .....	-	-
13	Other .....	963	1,032
14	Total costs and expenses .....	139,122	141,243
15	Income (Loss) From Operations .....	26,134	30,543
	Other Income (Expenses):		
16	Interest (expense)-affiliates .....	(24,766)	(24,752)
17	Interest (expense)-external .....	(900)	(496)
18	Investment alternative tax and related income (expense) - net .....	(179)	(952)
19	Nonoperating income (expense)-net .....	1,070	630
20	Total other income (expenses) .....	(24,775)	(25,570)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	1,359	4,973
22	Provision (credit) for income taxes .....	1,396	3,106
23	Income (Loss) Before Extraordinary Items .....	(37)	1,867
24	Extraordinary items (net of income taxes - 1991, \$ - ; 1990, \$ - ) .....	-	-
25	Net Income (Loss) .....	\$ (37)	\$ 1,867

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino .....	56,461	54,990
2	Rooms .....	5,559	5,209
3	Food and beverage .....	7,712	7,732
4	Other .....	1,753	2,872
5	Total revenue .....	71,485	70,803
6	Less: Promotional allowances ..... NOTE 13..	8,111	8,269
7	Net revenue .....	63,374	62,534
	Costs And Expenses:		
8	Cost of goods and services .....	27,328	27,443
9	Selling, general, and administrative .....	17,286	16,764
10	Provision for doubtful accounts .....	496	377
11	Depreciation and amortization .....	4,576	3,768
	Charges from affiliates other than interest:		
12	Management fees .....	-	-
13	Other ..... NOTE 14..	321	321
14	Total costs and expenses .....	50,007	48,673
15	Income (Loss) From Operations .....	13,367	13,861
	Other Income (Expenses):		
16	Interest (expense)-affiliates ..... NOTE 14..	(8,254)	(8,253)
17	Interest (expense)-external .....	(300)	(278)
18	Investment alternative tax and related income (expense) - net ..	(66)	(342)
19	Nonoperating income (expense)-net ..... NOTE 15..	557	193
20	Total other income (expenses) .....	(8,063)	(8,680)
21	Income (Loss) Before Income Taxes And Extraordinary Items. ...	5,304	5,181
22	Provision (credit) for income taxes ..... NOTE 16..	2,265	2,472
23	Income (Loss) Before Extraordinary Items .....	3,039	2,709
24	Extraordinary items (net of income taxes - 1991, \$ - ; 1990, \$ - ) .....	-	-
25	Net Income (Loss) .....	\$ 3,039	\$ 2,709

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991		1990	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1) . . . . .	3,002,500	30	3,002,500	30
2	Sale of stock . . . . .				
3	_____				
4	Ending balance . . . . .	3,002,500	30	3,002,500	30
	Preferred Stock:				
5	Beginning balance (January 1) . . . . .				
6	Sale of stock . . . . .				
7	_____				
8	Ending balance . . . . .				
	Additional Paid-In Capital:				
9	Beginning balance (January 1) . . . . .		65,712		65,712
10	_____				
11	_____				
12	Ending balance . . . . .		65,712		65,712
	Treasury Stock:				
13	Beginning balance (January 1) . . . . .		( )		( )
14	Purchase of additional stock . . . . .		( )		( )
15	Sale or retirement of stock . . . . .				
16	Ending balance . . . . .		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) . . . . .		( )		( )
18	_____				
19	_____				
20	Ending balance . . . . .		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) . . . . .		( )		( )
22	_____				
23	_____				
24	Ending balance . . . . .		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1) . . . . .		3,679		6,561
26	Prior period adjustments . . . . .				
27	Net income (loss) . . . . .		(37)		1,867
28	Dividends . . . . .				( )
29	_____				
30	_____				
31	Ending balance . . . . .		3,642		8,428
32	Ending Stockholders' Equity . . . . .		\$ 69,384		\$ 74,170

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

- NOT APPLICABLE -

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>Invested Capital:</b>	\$	\$
1	Beginning balance (January 1) . . . . .		
2	Additional capital invested . . . . .		
3	_____ . . . . .		
4	Ending balance . . . . .		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) . . . . .		
6	Prior period adjustments . . . . .		
7	Net income (loss) . . . . .		
8	_____ . . . . .		
9	Ending balance . . . . .		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) . . . . .		
11	Additional capital withdrawals . . . . .		
12	_____ . . . . .		
13	Ending balance . . . . .		
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) . . . . .		
15	_____ . . . . .		
16	_____ . . . . .		
17	Ending balance . . . . .		
18	<b>Ending Partners' Or Proprietor's Equity . . . . .</b>	<b>\$</b>	<b>\$</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) By Operating Activities . . . . .	\$ 21,405	\$ 19,618 *
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities . . . . .	-	(1,000)
3	Proceeds from the sale of short-term investment securities . . .	5,100	-
4	Cash outflows for property and equipment . . . . .	(1,093)	(5,685)
5	Proceeds from disposition of property and equipment . . . . .	(8)	37
6	Purchase of casino reinvestment obligations . . . . .	(358)	(1,904)
7	Purchase of other investments and loans/advances made . . . . .	(8)	- *
8	Proceeds from disposal of investment and collection of advances and long-term receivables . . . . .	1,818	1,924 *
9	Cash outflows to acquire business entities . . . . .	-	-
10	Purchase price adjustment - GNI . . . . .	-	(4,231)
11	Short-term advance to Bally's Park Place, Inc. . . . .	(28,000)	(7,500) *
12	Net Cash Provided (Used) By Investing Activities . . . . .	(22,549)	(18,359) *
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt . . . . .	-	-
14	Payments to settle short-term debt . . . . .	-	(2,000)
15	Cash proceeds from issuance of long-term debt . . . . .	-	-
16	Costs of issuing debt . . . . .	-	-
17	Payments to settle long-term debt . . . . .	-	-
18	Cash proceeds from issuing stock or capital contribution . . . . .	-	-
19	Purchases of treasury stock . . . . .	-	-
20	Payments of dividends or capital withdrawals . . . . .	-	-
21	_____ . . . . .	-	-
22	_____ . . . . .	-	-
23	Net Cash Provided (Used) By Financing Activities . . . . .	-	(2,000)
24	Net Increase (Decrease) In Cash And Cash Equivalents . . . . .	(1,144)	(741)
25	Cash And Cash Equivalents At Beginning Of Year . . . . .	7,559	8,873
26	Cash And Cash Equivalents At End Of Year . . . . .	\$ 6,415	\$ 8,132

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized) . . . . .	\$ 17,336	\$ 19,809
28	Income taxes . . . . .	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1991	(d) 1990
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss) . . . . .	\$ (37)	\$ 1,867
	<b>Noncash items included in income and cash items excluded from income:</b>		
30	Depreciation and amortization of property and equipment. . . . .	9,497	8,780
31	Amortization of other assets. . . . .	3,837	2,264
32	Amortization of debt discount or premium. . . . .	(1,149)	(990)
33	Deferred income taxes - current. . . . .	-	-
34	Deferred income taxes - noncurrent. . . . .	(95)	427
35	(Gain) loss on disposition of property and equipment. . . . .	-	-
36	(Gain) loss on casino reinvestment obligations. . . . .	179	952
37	(Gain) loss from other investment activities. . . . .	-	-
38	Net (increase) decrease in receivables and patrons' checks. . . . .	913	190
39	Net (increase) decrease in inventories. . . . .	864	(81)
40	Net (increase) decrease in other current assets. . . . .	865	(712)
41	Net (increase) decrease in other assets. . . . .	(575)	(691) *
42	Net increase (decrease) in accounts payables. . . . .	82	(2,141)
43	Net increase (decrease) in other current liabilities excluding debt. . . . .	6,407	13,339 *
44	Net increase (decrease) in other noncurrent liabilities excluding debt. . . . .	617	(3,586)
45	_____ . . . . .	-	-
46	_____ . . . . .	-	-
47	<b>Net Cash Provided (Used) By Operating Activities. . . . .</b>	<b>\$ 21,405</b>	<b>\$ 19,618 *</b>

### SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment. . . . .	\$ 1,093	\$ 5,685
49	Less: Capital lease obligations incurred. . . . .	-	-
50	<b>Cash Outflows For Property And Equipment. . . . .</b>	<b>\$ 1,093</b>	<b>\$ 5,685</b>
	<b>Acquisition Of Business Entities:</b>		
51	Property and equipment acquired. . . . .	\$ -	\$ -
52	Goodwill acquired. . . . .	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment. . . . .	-	-
54	Long-term debt assumed. . . . .	-	-
55	Issuance of stock or capital invested. . . . .	-	-
56	<b>Cash Outflows To Acquire Business Entities. . . . .</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions. . . . .	\$ -	\$ -
58	Less: Issuances to settle long-term debt. . . . .	-	-
59	Consideration in acquisition of business entities. . . . .	-	-
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions. . . . .</b>	<b>\$ -</b>	<b>\$ -</b>

GNOC, CORP.  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of Presentation

GNOC, CORP. (the "Company") is a wholly owned subsidiary of GNAC, CORP. ("GNAC"). The financial statements include the transactions between the Company, GNAC and other affiliates.

(a) Casino Revenue and Promotional Allowances

In accordance with industry practice, the Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses. Net revenue in the accompanying statements of income excludes the retail value of rooms, food, beverage and other promotional allowances provided to customers without charge.

(b) Marketable Securities

Marketable securities are carried at the lower of aggregate cost or market value.

(c) Cost in Excess of Acquired Assets

Bally Manufacturing Corporation ("Bally") acquired GNAC, including the Company, other related properties and real estate property leases from Golden Nugget, Inc. ("GNI") in a transaction which has been accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired is being amortized by the Company over forty years (see Note 18).

(d) Property and Equipment

All property and equipment are depreciated over their estimated useful lives using the straight line method for financial statement purposes and accelerated methods for income tax purposes.

(e) Debt Premium

Debt premium is amortized by the bonds outstanding method over the term of the issue.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Income Taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of Bally. As more fully disclosed in Bally's Form 10-Q for the period ended September 30, 1991, the Internal Revenue Service ("IRS") has raised certain issues pertaining to accounting methods of other subsidiaries of Bally. If the IRS were to prevail on these issues, the estimated amount due as of September 30, 1991, including interest (net of income tax benefit) and penalties, less net operating loss and credit carryforwards available to Bally, is approximately \$295 million.

Bally intends to vigorously oppose and, if necessary, litigate the IRS's proposed deficiencies with respect to these issues. Bally estimates that if the proposed deficiencies are fully litigated, the ultimate resolution of these issues is not likely to occur for approximately three years.

B. Disclosures Not Presented

Certain disclosures have not been presented in these Notes to Financial Statements since they would duplicate disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1990. The notes excluded are Pension Costs, Lease and Other Commitments.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities as of September 30, 1991 and 1990 consisted of repurchase agreements, at cost which approximates market.

	1991	1990
Repurchase agreements	\$3,183,000	\$7,331,000
Other	2,300	1,000
Total	\$3,185,300	\$7,332,000

The Company entered into repurchase agreements with various banks and financial institutions for the purpose of raising short-term capital. The repurchase agreements are collateralized by U.S. Treasury securities. The repurchase agreements are recorded at cost, which approximates market value. The repurchase agreements are classified as marketable securities.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Advance to Bally's Park Place, Inc.	\$28,000,000	\$ 7,500,000
Deferred federal and state income tax	10,854,000	5,551,000
Refundable federal income tax	-	3,708,000
Prepaid insurance expenses	338,000	931,000
Prepaid state gaming taxes and licenses	836,000	895,000
Prepaid operating expenses	297,000	366,000
Other	11,000	17,000
	<u>\$40,336,000</u>	<u>\$18,968,000</u>
	=====	=====

For the nine months ended September 30, 1991 and 1990, respectively, the Company advanced \$28,000,000 and \$7,500,000 to Bally's Park Place, Inc., which was used to reduce the outstanding balance on its line of credit. The Company earns interest on the outstanding balance at the prime rate of Bally's Park Place's agent bank with such interest payable at the end of each month. The principal balance is due upon demand by the Company.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
New Jersey Casino Reinvestment related assets (net of discount)	\$3,153,000	\$7,991,000
Other	8,000	-
	<u>\$3,161,000</u>	<u>\$7,991,000</u>
	=====	=====

The Company donated \$23,000 and \$ 0 for the nine months ended September 30, 1991 and 1990, respectively, to the Casino Reinvestment Development Authority ("CRDA"), reducing the Company's obligations on deposit at the CRDA by such amount. The Company received \$12,000 and \$ 0 for the nine months ended September 30, 1991 and 1990, respectively, in "credits" against future CRDA obligations.

Credits against future CRDA obligations as of September 30, 1991 and 1990 have been reclassified to Other Assets (see Note 6).

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Buildings and leasehold improvements	\$187,399,000	\$186,550,000
Furniture, fixtures and equipment	62,801,000	58,647,000
Land and improvements	51,776,000	51,776,000
Construction in progress	384,000	4,007,000
	<u>302,360,000</u>	<u>300,980,000</u>
Less accumulated depreciation and amortization	(57,547,000)	(45,002,000)
	<u>\$244,813,000</u>	<u>\$255,978,000</u>

NOTE 6 - OTHER ASSETS

Other assets as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Cost in excess of acquired assets, net	\$112,491,000	\$115,630,000
CRDA credits receivable	2,714,000	4,154,000
Other	-	250,000
	<u>\$115,205,000</u>	<u>\$120,034,000</u>

See Note 1 and Note 18 for discussion of purchase price accounting.

For the nine months ended September 30, 1991 and 1990, the Company recorded an expense of \$1,472,000 and \$743,000, respectively, which represents amortization of CRDA credits.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 7 - OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Accrued interest	\$13,139,000	\$11,439,000
Accrued payroll	8,900,000	9,552,000
Accrued progressive jackpot liability	3,176,000	3,836,000
Accrued self insurance claims	1,058,000	1,666,000
Accrued New Jersey casino reinvestment liability	704,000	683,000
Accrued casino win tax	163,000	361,000
Accrued sales, use and luxury taxes	391,000	409,000
Accrued legal fees	426,000	496,000
Accrued Casino Control Commission and Division of Gaming Enforcement fees	499,000	522,000
Accrued casino license fee	432,000	328,000
Other	2,143,000	2,816,000
	<u>\$31,031,000</u>	<u>\$32,108,000</u>
	=====	=====

NOTE 8 - OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Unredeemed gaming chips and tokens	\$1,008,000	\$1,056,000
Customer deposits	94,000	138,000
Advance room deposits	98,000	162,000
Bally Manufacturing Corp.	251,000	3,000
Bally's Park Place, Inc.	376,000	582,000
Bally's Las Vegas	18,000	-
	<u>\$1,845,000</u>	<u>\$1,941,000</u>
	=====	=====

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 9 - LONG TERM DEBT-DUE TO AFFILIATES

Long term debt-due to affiliates as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
13 1/4% (effective rate of 13.3%) Mortgage-Backed Notes of \$259,000,000 principal amount, interest payable semiannually, maturing in 1995 (including unamortized premium of \$7,368,000 at September 30, 1991 and \$8,847,000 at September 30, 1990).	\$266,368,000	\$267,847,000
	=====	=====

In June 1985, the Company consummated the public sale of \$299 million principal amount of 13 1/4% Mortgage-Backed Notes ("the Notes") due June 1, 1995. The Notes are unconditionally guaranteed by GNAC and are secured by a first lien and security interest on the Company's Boardwalk Casino Hotel.

As a result of the purchase of the Company by Bally, the Notes were valued at \$312,829,000 at March 1, 1987, based upon an imputed interest rate.

Sinking fund requirements for 1991 and 1992 have been met. Remaining sinking fund requirements are \$4,850,000 in 1993 and \$14,950,000 in 1994.

In May 1991, Bally entered into an Amended and Restated Credit Agreement with a syndicate of banks and Manufacturers Hanover Trust Company, as agent. The Amended and Restated Credit Agreement converted the existing borrowings under Bally's \$90 million unsecured Revolving Credit Agreement into a secured term loan and provided up to \$40 million in bridge loans (including a \$10 million bridge loan obtained by Bally in March 1991) and a \$10 million letter of credit facility. The stock of GNAC was pledged as collateral to support the Amended and Restated Credit Agreement. The letters of credit are available to support surety bonds and insurance requirements. The Amended and Restated Credit Agreement requires Bally to repay the bridge and term loans with an agreed upon amount of the proceeds from each of the sales of Bally's products and services businesses, if and when such sales are consummated. To the extent that asset sales are consummated and the bridge and term loans are repaid, such amounts repaid will not be available for reborrowing. In July 1991, Bally completed the sale of the assets of its Life Fitness computerized fitness equipment business. The cash proceeds from this sale were used to repay \$13,550,000 of the secured term loan and the outstanding bridge loans of \$13,150,000, at which time the bridge loan facility was terminated. In October 1991, Bally completed the sale of the assets of its Scientific Games instant lottery ticket and video lottery business. A portion of the cash

GNOC, CORP.  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 9 - LONG TERM DEBT-DUE TO AFFILIATES (cont.)

proceeds from the Scientific Games sale was used to repay \$16,450,000 of the secured term loan. Following completion of these transactions, the remaining balance of \$50,000,000 due under the secured term loan was required to be repaid in a \$10,000,000 installment on December 12, 1991, a \$30,000,000 installment on June 11, 1992, and a \$10,000,000 installment on December 12, 1992. In November 1991, Bally commenced a registered public offering of 30% of the common stock of Bally Gaming International, Inc. In connection therewith, Bally entered into an amendment to the Amended and Restated Credit Agreement which provides that, if the Bally Gaming International, Inc. public offering is completed, at least \$25,000,000 of the proceeds from the public offering will be used to repay a portion of the secured term loan, with the remaining outstanding balance of \$25,000,000 being due on March 11, 1993. In addition, this amendment provides that upon receipt by the syndicate of banks of the \$25,000,000 payment at the completion of the public offering, the banks will release the lien on and security interest in the stock of GNAC. This amendment also provides that if the Bally Gaming International, Inc. public offering is not completed, the remaining balance of \$50,000,000 due under the secured term loan will be required to be repaid in a \$2,500,000 installment on December 12, 1991, a \$37,500,000 installment on June 11, 1992 and a \$10,000,000 installment on December 12, 1992.

NOTE 10 - DEFERRED CREDITS

Deferred credits as of September 30, 1991 and 1990 consisted of deferred federal and state income taxes.

NOTE 11 - OTHER LIABILITIES

Other liabilities consisted of \$30,100,000 and \$29,269,000 due to GNAC, Corp. as of September 30, 1991 and 1990, respectively.

During the second quarter 1990, the Company reversed into income a self insurance claim reserve of approximately \$4.0 million which was no longer deemed necessary.

NOTE 12 - STOCKHOLDER'S EQUITY

At September 30, 1991 and 1990, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 13 - PROMOTIONAL EXPENSES AND ALLOWANCES

Promotional expenses and allowances and number of recipients for the nine months ended September 30, 1991 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	119,246	\$ 7,642,000	-	\$ -
Food	733,893	8,817,000	-	-
Beverage	1,870,273	3,647,000	-	-
Travel	-	-	16,366	2,267,000
Other:				
Coin	-	-	1,035,995	12,435,000
Entertainment	12,953	547,000	999	121,000
Parking	33,189	265,000	-	-
Retail	10,933	556,000	10,590	414,000
Gifts	-	-	127,568	803,000
Other	6,368	132,000	46,777	306,000
Total other	63,443	1,500,000	1,221,929	14,079,000
<b>TOTAL</b>	<b>2,786,855</b>	<b>\$21,606,000</b>	<b>1,238,295</b>	<b>\$16,346,000</b>

Promotional expenses and allowances and number of recipients for the three months ended September 30, 1991 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	46,368	\$3,043,000	-	\$ -
Food	254,998	3,110,000	-	-
Beverage	741,563	1,446,000	-	-
Travel	-	-	6,339	933,000
Other:				
Coin	-	-	365,834	4,211,000
Entertainment	7,459	280,000	346	42,000
Parking	13,228	105,000	-	-
Retail	630	74,000	4,838	194,000
Gifts	-	-	31,493	69,000
Other	2,432	53,000	20,667	107,000
Total other	23,749	512,000	423,178	4,623,000
<b>TOTAL</b>	<b>1,066,678</b>	<b>\$8,111,000</b>	<b>429,517</b>	<b>\$5,556,000</b>

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 14 - CHARGES FROM AFFILIATES

The charges from affiliates for the nine months ended September 30, consisted of the following:

<u>Nature of Charge From Affiliates</u>	<u>1991</u>	<u>1990</u>
Interest	\$24,766,000	\$24,752,000
Other (a)	963,000	1,032,000

(a) Other expenses include allocations of certain operating expenses from affiliated companies which perform services or incur costs on behalf of the Company including GNAC, Corp. and Bally's Park Place, Inc.

NOTE 15 - NON-OPERATING INCOME (EXPENSE) - NET

Non-operating income (expense) - net for the nine months ended September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Interest and dividend income	\$ 972,000	\$637,000
Rental income	94,000	-
Other non-operating income (expense)	4,000	(7,000)
	<u>\$1,070,000</u>	<u>\$630,000</u>
	=====	=====

NOTE 16 - INCOME TAXES

The income tax provision for the nine months ended September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Current:		
Federal	\$2,496,000	\$2,734,000
State	-	848,000
	<u>2,496,000</u>	<u>3,582,000</u>
Deferred:		
Federal	(1,100,000)	(353,000)
State	-	(123,000)
	<u>(1,100,000)</u>	<u>(476,000)</u>
	<u>\$1,396,000</u>	<u>\$3,106,000</u>
	=====	=====

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 17 - CONTINGENCIES

For the years ended December 31, 1990, 1988 and 1987, the Company was insured for its general liability insurance coverage through a captive insurance subsidiary of Bally. Due to Bally's current financial condition, it is presently uncertain if Bally's captive insurance subsidiary will be able to honor all reported or unreported claims for these years. If this were to occur, it is estimated that the Company would be liable for claims of between \$500,000 and \$1,100,000.

In April 1991, an insurance company that issued guaranteed interest contracts ("GICs") for inclusion in both Bally's and the Company's qualified 401(k) Plans was declared insolvent by the State of California's Insurance Commissioner. In June 1991, Bally's Board of Directors authorized Bally, and therefore the Company, to ensure that participants in the Company's 401(k) Plan not suffer any losses in their 401(k) account balances as of March 31, 1991, due to this insolvency. The Company has provided an accrual to cover the estimated cost of such losses.

Although the final outcome of these matters cannot be predicted with certainty, an unfavorable outcome, if any, is not expected to have a material adverse effect on the Company's financial position or its liquidity.

NOTE 18 - LITIGATION

Pursuant to the 1987 Purchase Agreement between Bally and GNI (the "Agreement"), an amount was due to either party depending on the difference in value of certain assets and liabilities as defined in the Agreement. During 1990, the parties settled a dispute over such amounts and the Company paid GNI approximately \$4,231,000 and assumed additional liabilities of approximately \$2,009,000 which represented an increase in the final purchase price of the Company. Accordingly, \$6,240,000 was recorded as additional cost in excess of acquired assets (see Note 6).

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1991

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks. . . . .	\$ 2,991		
2	Returned patrons' checks. . . . .	14,852		
3	Total patrons' checks. . . . .	17,843	\$ 14,342	\$ 3,501
4	Hotel Receivables. . . . .	901	83	818
	Other Receivables:			
5	Receivables due from officers and employees. . . . .	-		
6	Receivables due from affiliates. . . . .	-		
7	Other accounts and notes receivables. . . . .	577		
8	Total other receivables. . . . .	577	-	577
9	Totals (Form 205). . . . .	\$ 19,321	\$ 14,425	\$ 4,896

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1). . . . .	\$ 4,245
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits). . . . .	89,213
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits). . . . .	(62,925)
13	Checks collected through deposits. . . . .	(24,090)
14	Checks transferred to returned checks. . . . .	(3,432)
15	Other adjustments. . . . .	(20)
16	Ending Balance. . . . .	\$ 2,991
17	"Hold" Checks Included In Balance On Line 16. . . . .	\$ -
18	Provision For Uncollectible Patrons' Checks. . . . .	\$ 1,196
19	Provision As A Percent Of Counter Checks Issued. . . . .	1.34 %

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

:  
:ss.

COUNTY OF ATLANTIC

:

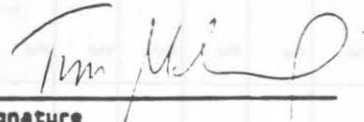
TIM MALAND

Name

, being duly sworn according to law upon my oath

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.



Signature

VICE PRESIDENT FINANCE  
AND ADMINISTRATION

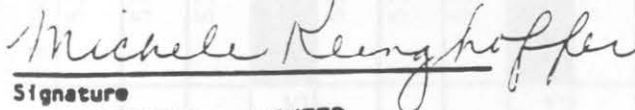
Title

004804-11

License Number

Subscribed and sworn to  
before me this 14th day  
of November, 1991

On Behalf Of:



Signature

**MICHELE KLINGHOFFER**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires May 10, 1994

GNOC, CORP.

Casino Licensee

Basis of Authority  
to Take Oaths

# HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	518	16,058	8,990	\$ 95.71	56.0 %	17,001	\$ 50.61
FEBRUARY	518	14,504	10,843	\$ 99.98	74.8 %	20,825	\$ 52.05
MARCH	518	16,058	13,399	\$ 106.29	83.4 %	25,635	\$ 55.56
1ST QUARTER TOTALS		46,620	33,232	\$ 101.37	71.3 %	63,461	\$ 53.08
APRIL	518	15,540	12,912	\$ 104.52	83.1 %	24,185	\$ 55.81
MAY	518	16,058	12,726	\$ 112.15	79.3 %	23,853	\$ 59.83
JUNE	518	15,540	14,159	\$ 116.81	91.1 %	26,533	\$ 62.33
2ND QUARTER TOTALS		47,138	39,797	\$ 111.33	84.4 %	74,571	\$ 59.42
JULY	518	16,058	13,743	\$ 133.53	85.6 %	26,816	\$ 68.44
AUGUST	518	16,058	14,484	\$ 134.28	90.2 %	28,312	\$ 68.70
SEPTEMBER	518	15,540	13,552	\$ 118.00	87.2 %	25,506	\$ 62.70
3RD QUARTER TOTALS		47,656	41,779	\$ 128.75	87.7 %	80,634	\$ 66.71
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

# QUARTERLY REPORT

NEW JERSEY  
185 W. STATE ST.

LIST OF FORMS (REV. 9/1991) QUARTERLY REPORT

**LICENSEE** BOARDWALK REGENCY CORPORATION  
d/b/a CAESARS ATLANTIC CITY

**ADDRESS** 2100 PACIFIC AVENUE  
ATLANTIC CITY, NEW JERSEY 08401

**FOR THE QUARTER ENDED** SEPTEMBER 30, 1991

**TO THE**  
**CASINO CONTROL COMMISSION**  
**OF THE**  
**STATE OF NEW JERSEY**



RECEIVED  
NEW JERSEY  
• NOV 18 Rec'd  
CASINO CONTROL  
COMMISSION

**NAME OF OFFICER IN CHARGE**  
**OF CORRESPONDENCE REGARDING**  
**THIS QUARTERLY REPORT . . .** MICHAEL J. WALSH

**OFFICIAL TITLE. . . . .** VICE PRESIDENT FINANCE

**ADDRESS . . . . .** 2100 PACIFIC AVENUE  
ATLANTIC CITY, NEW JERSEY 08401

BOARDWALK REGENCY CORPORATION  
 TRADING NAME OF LICENSEE d/b/a CAESARS ATLANTIC CITY

## LIST OF FORMS - QUARTERLY REPORT

DESCRIPTION (a)	(c) 1991	(d) 1990
FOR THE QUARTER ENDED <u>SEPTEMBER 30, 19 91</u>		
ASSETS		
Cash	7,481	7,293
Marketable securities		
Receivables and patrons' checks (net of allowance for 1991, 511,319; 1990, 511,498) (NOTE 1)	14,172	15,828
Prepaid expenses and other current assets (NOTE 2)		9,167
<b>Balance Sheets</b>	<b>CCC-205</b>	
<b>Statements of Income (Year-to-Date)</b>	<b>CCC-210</b>	
<b>Statements of Income (Three Months)</b>	<b>CCC-215</b>	6,947
<b>Statements of Changes in Stockholders' Equity</b>	<b>CCC-220</b>	275,870
<b>Statements of Changes in Partners' or Proprietor's Equity</b>	<b>CCC-225</b>	4,361
<b>Statements of Cash Flows</b>	<b>CCC-235</b>	320,310
<b>Notes to Financial Statements</b>	<b>CCC-240</b>	
<b>Schedule of Receivables and Patrons' Checks</b>	<b>CCC-250</b>	
<b>Statement of Conformity and Accuracy</b>		
LIABILITIES AND EQUITY		
Accounts payable	74,900	84,378
Accounts receivable	11,375	11,375
Notes payable	3,967	1,421
Other liabilities (NOTE 10)	7,913	6,092
Stockholders' and Proprietor's Equity (NOTES 9 & 13)	145,311	167,870
Total Liabilities	100,155	103,266
Total Liabilities and Equity	231,720	231,720

The accompanying notes are an integral part of the financial statements. Values  
 reported here cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

BALANCE SHEETS  
 SEPTEMBER 30, 1991 AND 1990  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
ASSETS			
	Current Assets	\$	\$
1	Cash.....	7,431	7,382
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for..... doubtful accounts - 1991_, \$11,318 ; 1990_, \$11,498).....	14,172	15,978
4	Inventories.....(NOTE 1).....	3,911	2,845
5	Prepaid expenses and other current assets...(NOTE 2).....	14,578	9,167
6	Total current assets.....	40,092	35,372
7	Investments, Advances and Receivables.....(NOTES 3 & 13).....	1,663	4,687
8	Property and Equipment - Net.....(NOTES 1,4,9&14).....	279,762	275,870
9	Other Assets.....(NOTES 11 & 14).....	14,213	4,581
10	Total Assets.....	\$ 335,730	\$ 320,510
LIABILITIES AND EQUITY			
	Current Liabilities	\$	\$
11	Accounts payable.....	5,544	7,728
12	Notes payable.....(NOTE 5).....	1,155	28,865
	Current portion of long-term debt:		
13	Due to affiliates.....	-	-
14	Other.....(NOTE 9).....	4,999	240
15	Income taxes payable and accrued.....(NOTES 1,2&6).....	7,025	1,009
16	Other accrued expenses.....(NOTE 7).....	15,801	14,267
17	Other current liabilities.....	4,583	1,871
18	Total current liabilities.....	39,107	53,980
	Long-Term Debt:		
19	Due to affiliates.....(NOTE 8).....	74,900	84,158
20	Other.....(NOTE 9).....	11,355	16,263
21	Deferred Credits.....(NOTES 1 & 6).....	6,962	7,406
22	Other Liabilities.....(NOTE 10).....	7,913	8,069
23	Commitments and Contingencies.....(NOTES 9 & 13).....		
24	Total Liabilities.....	140,237	169,876
25	Stockholders', Partners', Or Proprietor's Equity.....	195,493	150,634
26	Total Liabilities and Equity.....	\$ 335,730	\$ 320,510

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....(NOTE 1).....	237,427	223,325
2	Rooms.....	12,679	12,511
3	Food and beverage.....	26,715	27,082
4	Other.....	10,353	11,849
5	Total revenue.....	287,174	274,767
6	Less: promotional allowances.....(NOTES 1 & 15)..	29,442	30,432
7	Net revenue.....	257,732	244,335
	Costs And Expenses:		
8	Cost of goods and services.....(NOTES 1 & 15)..	126,601	128,816
9	Selling, general, and administrative.....(NOTES 1 & 15)..	52,845	57,893
10	Provision for doubtful accounts.....	4,683	2,954
11	Depreciation and amortization.....(NOTE 1).....	14,697	12,766
	Charges from affiliates other than interest:		
12	Management fees.....(NOTE 12).....	1,998	-
13	Other.....(NOTE 12).....	7,679	5,705
14	Total costs and expenses.....	208,503	208,134
15	Income (Loss) From Operations.....	49,229	36,201
	Other Income (Expense):		
16	Interest (expense) - affiliates.....(NOTE 8).....	(10,165)	(8,857)
17	Interest (expense) - external.....	(1,928)	70
18	Investment alternative tax and related income (expense) - net.....	(27)	378
19	Nonoperating income (expense) - net.....	228	72
20	Total other income (expenses).....	(11,892)	(8,337)
21	Income (Loss) Before Income Taxes and Extraordinary items..	37,337	27,864
22	Provision (Credit) for income taxes.....(NOTE 6).....	15,215	11,566
23	Income (Loss) Before Extraordinary Items.....	22,122	16,298
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ).....	-	-
25	Net Income (Loss).....	\$ 22,122	\$ 16,298

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....(NOTE 1).....	93,157	80,003
2	Rooms.....	4,811	4,548
3	Food and beverage.....	10,390	9,785
4	Other.....	4,333	4,707
5	Total revenue.....	112,691	99,043
6	Less: promotional allowances.....(NOTES 1 & 15)..	11,612	11,131
7	Net revenue.....	101,079	87,912
	Costs And Expenses:		
8	Cost of goods and services.....(NOTES 1 & 15)..	45,226	45,764
9	Selling, general, and administrative.....(NOTES 1 & 15)..	19,259	18,612
10	Provision for doubtful accounts.....	2,696	1,172
11	Depreciation and amortization.....(NOTE 1).....	4,957	4,530
	Charges from affiliates other than interest:		
12	Management fees.....(NOTE 12).....	1,998	-
13	Other.....(NOTE 12).....	3,264	1,880
14	Total costs and expenses.....	77,400	71,958
15	Income (Loss) From Operations.....	23,679	15,954
	Other Income (Expense):		
16	Interest (expense) - affiliates.....(NOTE 8).....	(4,594)	(3,165)
17	Interest (expense) - external.....	(988)	10
18	Investment alternative tax and related income (expense) - net.....	(8)	55
19	Nonoperating income (expense) - net.....	64	(8)
20	Total other income (expenses).....	(5,526)	(3,108)
21	Income (Loss) Before Income Taxes and Extraordinary items..	18,153	12,846
22	Provision (Credit) for income taxes.....(NOTE 6).....	7,519	5,498
23	Income (Loss) Before Extraordinary Items.....	10,634	7,348
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ).....	-	-
25	Net Income (Loss).....	\$ 10,634	\$ 7,348

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991		1990	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock: NO PAR VALUE, 1000 SHARES AUTHORIZED....		\$		\$
1	Beginning balance (January 1)	100	1,370	100	1,370
2	Sale of stock	-	-	-	-
3		-	-	-	-
4	Ending balance	100	1,370	100	1,370
	Preferred Stock:				
5	Beginning balance (January 1)	-	-	-	-
6	Sale of stock	-	-	-	-
7		-	-	-	-
8	Ending balance	-	-	-	-
	Additional Paid-in Capital: (NOTE 14)				
9	Beginning balance (January 1)	+++++	46,333	+++++	5,912
10	CWI Buyout (NOTE 14)	+++++	(268)	+++++	-
11		+++++	-	+++++	-
12	Ending balance	+++++	46,065	+++++	5,912
	Treasury Stock:				
13	Beginning balance (January 1)	-	( - )	-	( - )
14	Purchase of additional stock	-	( - )	-	( - )
15	Sale or retirement of stock	-	-	-	-
16	Ending balance	-	( - )	-	( - )
	Subscriptions Receivable for Capital Stock:				
17	Beginning balance (January 1)	-	( - )	-	( - )
18		-	( - )	-	( - )
19		-	-	-	-
20	Ending balance	-	( - )	-	( - )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)	+++++	( - )	+++++	( - )
22		+++++	( - )	+++++	( - )
23		+++++	-	+++++	-
24	Ending balance	+++++	( - )	+++++	( - )
	Retained Earnings: (NOTE 14)				
25	Beginning balance (January 1)	+++++	125,936	+++++	127,054
26	Prior period adjustments	+++++	-	+++++	-
27	Net income (loss)	+++++	22,122	+++++	16,298
28	Dividends	+++++	( - )	+++++	( - )
29		+++++	-	+++++	-
30		+++++	-	+++++	-
31	Ending balance	+++++	148,058	+++++	143,352
32	Ending Stockholders' Equity	+++++	\$195,493	+++++	\$150,634

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Invested Capital:	\$	\$
1	Beginning balance (January 1).....		
2	Additional capital invested.....		
3	.....		
4	Ending balance.....		
	Accumulated Income:		
5	Beginning balance (January 1).....		
6	Prior period adjustments.....		
7	Net income (loss).....		
8	.....		
9	Ending balance.....		
	Capital Withdrawals:		
10	Beginning balance (January 1).....	( )	( )
11	Additional capital withdrawals.....	( )	( )
12	.....		
13	Ending balance.....	( )	( )
	Net Unrealized Loss On Noncurrent		
	Marketable Equity Securities:		
14	Beginning balance (January 1).....	( )	( )
15	.....	( )	( )
16	.....		
17	Ending balance.....	( )	( )
18	Ending Partners' Or Proprietor's Equity.....	\$	\$

THIS STATEMENT IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) By Operating Activities.....	\$ 36,649	\$ 15,455
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	-	-
3	Proceeds from the sale of short-term investment securities...	-	-
4	Cash outflows for property and equipment.....	(6,313)	(43,922)
5	Proceeds from disposition of property and equipment.....	74	97
6	Purchase of casino reinvestment obligations.....	(572)	(110)
7	Purchase of other investments and loans/advances made.....	-	(3,502)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	-	87
9	Cash outflows to acquire business entities.....	-	-
10	.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(6,811)	(47,350)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	36,111	66,241
14	Payments to settle short-term debt.....	(60,779)	(44,100)
15	Cash proceeds from issuance of long-term debt.....	3,771	6,490
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(11,806)	(99)
18	Cash proceeds from issuing stock or capital contributions....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	.....	-	-
22	.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	(32,703)	28,532
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(2,865)	(3,363)
25	Cash and Cash Equivalents At Beginning Of Period.....	10,296	10,745
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,431	\$ 7,382

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 12,139	\$ 8,744
28	Income taxes.....	\$ 14,298	\$ 11,627

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 22,122	\$ 16,298
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment....	13,906	12,426
31	Amortization of other assets .....	791	340
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	(5,021)	1,529
34	Deferred income taxes - noncurrent.....	2,517	65
35	(Gain) loss on disposition of property and equipment.....	(70)	100
36	(Gain) loss on casino reinvestment obligations.....	27	(378)
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	2,215	(369)
39	Net (increase) decrease in inventories.....	(780)	258
40	Net (increase) decrease in other current assets.....	(1,052)	847
41	Net (increase) decrease in other assets.....	(1,429)	(1,127)
42	Net increase (decrease) in accounts payable.....	(3,095)	(2,149)
43	Net increase (decrease) in other current liabilities excluding debt.....	6,685	(14,448)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(167)	2,063
45	.....	-	-
46	.....	-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 36,649	\$ 15,455
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 6,313	\$ 43,922
49	Less: Mortgage assumed.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 6,313	\$ 43,922
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....	\$ -	\$ -
52	Goodwill acquired.....	(268)	-
53	Net assets acquired other than cash, goodwill, and property and equipment.....	-	-
54	Long-term debt assumed.....	-	-
55	Issuance of stock or capital invested.....	268	-
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$ (268)	\$ -
58	Less: Issuances to settle long-term debt.....	-	-
59	Consideration in acquisition of business entities.....	(268)	-
60	Cash Proceeds From Issuing Stock Or Captial Contributions.....	\$ -	\$ -

BOARDWALK REGENCY CORPORATION  
(d/b/a CAESARS ATLANTIC CITY)  
(unaudited)

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies:

Description of Business

Boardwalk Regency Corporation (BRC), a New Jersey corporation, is a wholly-owned subsidiary of Caesars New Jersey, Inc. (CNJ), a New Jersey corporation. CNJ is a wholly owned subsidiary of Caesars World, Inc. (CWI), a Florida corporation (see Note 14). BRC owns and operates Caesars Atlantic City hotel/casino (CAC) in Atlantic City, New Jersey.

Revenue and Promotional Allowances

Casino revenue represents the net win from gaming wins and losses. The retail value of accommodations and the food and beverage provided to customers without charge is included in gross revenue and deducted as promotional allowances.

Inventories

Inventories are stated at the lower of cost or market, cost being determined principally on the first-in, first-out basis.

Property and Equipment

Property and equipment is recorded at cost, including interest on funds borrowed to finance construction. There was no capitalized interest recorded for the nine months ended September 30, 1991. For the nine months ended September 30, 1990 capitalized interest of \$1,486,000 was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 8 years
Properties under capital leases, excluding land	28 to 31 years

Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance are expensed. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the resultant gain or loss on disposition is recognized.

Reclassifications

Certain reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

BOARDWALK REGENCY CORPORATION  
(d/b/a CAESARS ATLANTIC CITY)  
(unaudited)

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NOTE 1. Summary of Significant Accounting Policies (continued):

Income Taxes

BRC is included in CWI's consolidated Federal income tax return. Pursuant to a tax reimbursement agreement, BRC records income taxes based upon what the amount would have been, had BRC filed a separate return. In addition, when the potential tax benefits to CWI exceed the benefits that BRC could have derived as a separate entity, CWI will reimburse BRC for these excess benefits. The reimbursement of the excess benefits will be made before the earlier of the last year in which those benefits are available to BRC or the last year in which BRC is a member of CWI's consolidated group for Federal income tax purposes. Interest on the excess benefits will accrue at 7% per annum from the date CWI files a tax return in which such tax benefits are realized. Deferred income taxes are provided for timing differences between book and tax recognition of revenues and expenses.

In December 1987, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards Number 96 (SFAS 96) on accounting for income taxes. BRC is required to adopt the accounting and disclosure rules prescribed by SFAS 96 no later than its fiscal year ending July 31, 1993, although earlier adoption is permitted. Implementation of SFAS 96 may involve either restating net income for prior years or recognizing a cumulative adjustment in the year of adoption. The immediate effect of adopting SFAS 96 will depend principally on enacted tax rates at the date of adoption. Assuming no changes to the current tax rates, BRC's preliminary review indicates that the adoption of SFAS 96 is expected to have a favorable impact on BRC's financial statements.

Disclosures

Certain disclosures have been omitted in conformance with the Casino Control Commission's quarterly instructions that usually are required for a fair presentation of the financial statements in accordance with generally accepted accounting principles. The omitted disclosures pertain to the aggregate maturities of long term debt and future minimum lease payments for operating and capital leases. The disclosures were omitted because there was not a material change in the information previously disclosed in the Company's annual financial statements for the year ended December 31, 1990.

**BOARDWALK REGENCY CORPORATION**  
**(d/b/a CAESARS ATLANTIC CITY)**  
**(unaudited)**

**NOTE 2. Prepaid Expenses and Other Current Assets:**

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
Deferred income taxes.....	\$11,779	\$6,887
Other.....	<u>2,799</u>	<u>2,280</u>
	<u>\$14,578</u>	<u>\$9,167</u>

**NOTE 3. Investments, Advances, and Receivables:**

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
CRDA investment deposits.....	\$2,022	\$1,677
CRDA bonds receivable.....	482	137
Due from Caesars New Jersey, Inc.....	-	3,502
	<u>2,504</u>	<u>5,316</u>
Less: valuation allowance on CRDA obligations	841	629
	<u>\$1,663</u>	<u>\$4,687</u>

**NOTE 4. Property and Equipment:**

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
Land.....	\$ 46,895	\$ 38,695
Buildings and improvements.....	248,061	250,017
Furniture, fixtures and equipment.....	78,734	81,520
Construction in progress.....	3,401	3,472
Properties under capital leases.....	<u>15,178</u>	<u>11,893</u>
	392,269	385,597
Less: accumulated depreciation and amortization.....	<u>112,507</u>	<u>109,727</u>
	<u>\$279,762</u>	<u>\$275,870</u>

**NOTE 5. Notes Payable:**

CWI maintains, for the benefit of CWI and its subsidiaries (including BRC), a \$225,000,000 unsecured credit arrangement with a syndicate of banks. The credit arrangement consists of a

BOARDWALK REGENCY CORPORATION  
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NOTE 5. Notes Payable (continued):

\$75,000,000 term loan and a \$150,000,000 revolving credit facility available to be used by CWI and its affiliates, including BRC, for working capital needs and general corporate purposes. The revolving credit facility bears interest at one-quarter percent below the prime rate or an alternate negotiated rate and expires September, 1993.

The unsecured credit arrangement contains affirmative and negative covenants and among other things, requires the maintenance of certain financial ratios; limits CWI's, CNJ's, and BRC's ability to incur additional debt, repurchase shares and sell certain assets; and restricts mergers, consolidations and similar transactions with respect to CWI and its subsidiaries.

In May 1989 BRC entered into an unsecured \$50,000,000 revolving line of credit with Desert Palace, Inc. (DPI), a wholly-owned subsidiary of CWI. The revolving line of credit carries interest at the prime rate, a \$75,000 annual commitment fee, and has a term of five years. In 1991, the maximum amount outstanding at any month-end was \$21,864,000, the average of the month-end amounts outstanding was \$10,896,000 and the weighted average interest rate was 8.7 percent. At September 30, 1991 and 1990, the outstanding balance on the revolving line of credit was \$1,155,000 and \$28,865,000, respectively.

NOTE 6. Income Taxes:

The provision for income taxes for the nine months ended September 30, 1991 and 1990 is comprised of the following:

	1991	1990
	(In Thousands)	
Current:		
Federal.....	\$13,831	\$ 7,824
State.....	3,888	2,148
Deferred:		
Federal.....	(2,342)	920
State.....	(162)	674
	<u>\$15,215</u>	<u>\$11,566</u>

Deferred credits of \$6,962,000 and \$7,406,000 at September 30, 1991 and 1990, respectively, represent deferred income taxes which result from temporary differences between income for financial reporting purposes and income for tax purposes. The most significant temporary differences relate to depreciation, certain accrued liabilities and the provisions for the reinvestment obligations imposed by the Casino Control Act.

BOARDWALK REGENCY CORPORATION  
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NOTE 6. Income Taxes (continued):

The provision for income taxes for the nine months ended September 30, 1991 and 1990 differs from the amount computed at the statutory rate as follows:

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
Federal income tax at statutory rate.....	\$12,695	\$ 9,474
State income taxes, net of federal benefit.....	2,218	1,655
Other, net.....	<u>302</u>	<u>437</u>
	<u>\$15,215</u>	<u>\$11,566</u>

The Internal Revenue Service has examined CWI's consolidated Federal income tax returns through Fiscal 1988.

NOTE 7. Other Accrued Expenses:

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
Salaries, wages and vacation pay...	\$ 3,050	\$ 3,810
Insurance.....	2,890	2,113
Taxes, other than income taxes.....	2,139	1,500
Progressive slots.....	1,765	1,967
Other.....	<u>5,957</u>	<u>4,877</u>
	<u>\$15,801</u>	<u>\$14,267</u>

NOTE 8. Long-term Debt, Due to Affiliates:

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
DPI term note due June 1, 1996, interest at 11.45%.....	\$74,900	-
DPI term note due June 1, 1992, interest at 11.45%.....	-	\$79,428
DPI term note due May 1, 1994, interest at 11.30%.....	<u>-</u>	<u>4,730</u>
	<u>\$74,900</u>	<u>\$84,158</u>

BOARDWALK REGENCY CORPORATION  
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NOTE 8. Long-term Debt, Due to Affiliates (continued):

In addition to the unsecured \$50,000,000 revolving line of credit discussed in Note 5, BRC has two additional loan agreements with DPI. In June 1991, BRC executed an \$81,862,000 term note due June 1996 that replaced the \$56,000,000 term note and accrued interest of \$25,862,000 due June 1, 1992. Interest is accrued monthly and paid quarterly at the annual rate of 11.45 percent on the unpaid principal balance. The note is unsecured and may be prepaid at any time. The second loan is a \$29,490,000 five year term note which was executed in May 1989. Interest at 11.3 percent of the unpaid principal balance of the term note is accrued monthly and paid quarterly, effective September 30, 1989. A facility fee equal to three-quarter percent of the initial principal is payable in five equal annual installments which began on May 31, 1989. The term note was prepaid during August 1991 without penalty.

NOTE 9. Long-term Debt, Other:

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
(a) Long-term debt.....	\$ 2,164	\$ 2,424
(b) Capitalized lease obligation....	<u>9,191</u>	<u>13,839</u>
	<u>\$11,355</u>	<u>\$16,263</u>
	<u>1991</u>	<u>1990</u>
	(In Thousands)	
(a) Mortgage payable, interest at 8.0%, maturing January 1999, secured by property.....	\$2,424	\$2,664
Less current maturities.....	<u>260</u>	<u>240</u>
	<u>\$2,164</u>	<u>\$2,424</u>

BRC leases land, buildings and equipment under noncancellable lease agreements with primary terms which expire at various dates through 2076. The leases generally provide that the BRC pay the taxes, insurance and maintenance expenses related to the leased assets. CWI has guaranteed a substantial portion of the Company's lease obligations. Major leased assets, which have been capitalized, include vacant land in Atlantic City and a portion of the land on which the casino/hotel is situated.

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**NOTE 9. Long-term Debt, Other (continued):**

A separate land lease upon which a portion of the hotel sits requires annual payments of \$575,000. Beginning in October, 1990 and for each year thereafter the annual lease payments increase by approximately 50 percent of the increase in the Producer Price Index. BRC has announced its intention to exercise a \$6,500,000 purchase option for this property on January 2, 1992.

BRC also owns approximately 1.2 acres and leases approximately six acres of property in Atlantic City, including an entire block of Boardwalk frontage, which may be suitable for development of a casino/hotel. The capitalized lease requires annual payments of \$875,000 and may be purchased for \$13,000,000. The purchase option will increase by \$500,000 in August 1997 and another \$500,000 every 10 years thereafter.

	<u>1991</u>	<u>1990</u>
	(In Thousands)	
(b) Capital lease obligations, net of amounts representing interest.....	\$13,930	\$13,839
Less current maturities.....	<u>4,739</u>	<u>-</u>
	<u>\$ 9,191</u>	<u>\$13,839</u>

Rent expense for the nine months ended September 30, 1991 and 1990 is \$2,345,000 and \$2,462,000, respectively.

<b>Note 10. Other Liabilities:</b>	<u>1991</u>	<u>1990</u>
	(In Thousands)	
Insurance claims.....	\$7,765	\$7,688
Other liabilities.....	<u>148</u>	<u>381</u>
	<u>\$7,913</u>	<u>\$8,069</u>

**NOTE 11. Pension Plans:**

BRC participates in CWI's defined benefit pension plans (the Plans) covering any officer or other employee designated as a key executive of CWI or its subsidiaries. The benefits are based on years of

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NOTE 11. Pension Plans (continued):

service (not to exceed 30) and the employee's highest five years of compensation during the last ten years of employment. BRC has funded the vested benefits of certain current employees by making contributions to a revocable trust. Income earned by the trust accrues to the benefit of BRC. At September 30, 1991, the amount in these revocable trusts was \$1,171,000 and was recorded as "Other Assets". Such trusts shall become irrevocable in the event of a change of control of CWI (as defined). Pension expense was \$271,000 and \$266,000 for the nine months ended September 30, 1991 and 1990, respectively. The actuarially computed present value of the accumulated benefit obligation relating to participants employed by BRC was \$1,309,000 and \$1,132,000 at July 31, 1991 and 1990, respectively. The liability accrued with respect to the Plan at July 31, 1991 and 1990 was \$1,960,000 and \$1,711,000, respectively.

BRC also has an Individual Retirement Account Plan which is generally available to all full-time employees who have at least one year of service and are not covered under any qualified retirement plan. The expense of this plan was \$520,000 and \$514,000 for the nine months ended September 30, 1991 and 1990, respectively.

In addition to the BRC plans described above, union employees are covered by various multi-employer pension plans. For the union sponsored plans, information is not available from the plans' sponsors to permit BRC to determine its share of unfunded vested benefits, if any.

NOTE 12. Related Party Transactions:

BRC has recorded the following expenses for the nine months ended September 30, 1991 and 1990 from CWI and affiliates as follows:

<u>Affiliate</u>	<u>Transaction</u>	<u>1991</u>	<u>1990</u>
Caesars World, Inc.	Management Fee	<u>\$1,998</u>	<u>-0-</u>
Caesars World Marketing Corp.	Reservation Offices	\$3,292	\$3,185
Caesars Palace Corp.	Tradename Fee	2,000	-
Caesars World, Inc.	Insurance, Allocated		
	Wages & Benefits	<u>2,387</u>	<u>2,520</u>
		<u>\$7,679</u>	<u>\$5,705</u>

BOARDWALK REGENCY CORPORATION  
(d/b/a CAESARS ATLANTIC CITY)  
(unaudited)

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NOTE 13. Commitments and Contingencies:

The New Jersey Casino Control Act (the "Act") provides, among other things, for an investment obligation on licensees based upon their gross casino revenues. This assessment may be satisfied by investing in qualified eligible direct investments, by purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), and/or by making qualified contributions. The CRDA gave approval to BRC for qualified eligible direct investments consisting of three housing developments which were completed in 1989 and 1990.

On October 16, 1991, BRC donated \$1,000,000 to the New Jersey Vietnam Veteran's Memorial for credit of 51% against future Northern New Jersey obligations.

At September 30, 1991, all investment obligations had been substantially satisfied or prepaid.

Litigation

BRC is party to legal proceedings arising in the normal conduct of business. The Company believes that the final outcome of these matters will not have a material adverse effect upon BRC's financial position.

NOTE 14. Purchase of Minority Interest by CWI:

In December 1990, CWI acquired the remaining outstanding shares of CNJ (approximately 13.4%) that were not previously owned by CWI, for a total cost of approximately \$51,000,000, including estimated expenses. CWI accounted for the acquisition, using the purchase method of accounting, by having BRC establish a new basis of accounting for the purchased assets. BRC credited additional paid-in capital for \$40,153,000, removed \$19,421,000 from retained earnings which represented the minority's interest and allocated \$11,903,000 of the purchase price paid to land, buildings and improvements and leased assets. The excess of purchase price over fair value of assets acquired, approximately \$8,829,000, is being amortized on a straight-line basis over 40 years.

BOARDWALK REGENCY CORPORATION  
(d/b/a CAESARS ATLANTIC CITY)  
(unaudited)

NOTE 15. Complimentaries:

Promotional Allowances

(\$ Amounts in Thousands)

	Three Months Ended September 30, 1991		Nine Months Ended September 30, 1991	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Rooms	44,405	\$ 3,037	132,803	\$ 7,619
Food	246,552	4,913	622,985	12,160
Beverage	506,696	2,692	1,342,331	7,263
Theatre	21,523	802	76,975	1,951
Other	3,984	168	10,415	449
	<u>823,160</u>	<u>\$11,612</u>	<u>2,185,509</u>	<u>\$29,442</u>

Promotional Expenses

(\$ Amounts in Thousands)

	Three Months Ended September 30, 1991		Nine Months Ended September 30, 1991	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Coin	666,225	\$ 6,341	1,806,591	\$16,817
Travel	12,034	2,854	31,917	7,624
Special events	2,108	708	7,116	1,977
Other	69,773	939	181,522	3,199
	<u>750,140</u>	<u>\$10,842</u>	<u>2,027,146</u>	<u>\$29,617</u>

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

STATE OF NEW JERSEY  
COUNTY OF ATLANTIC  
SEPTEMBER 30, 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patron's Checks:	\$		
1	Undeposited patrons' checks.....	6,996		
2	Returned patrons' checks.....	17,103		
3	Total patrons' checks.....	24,099	\$ 11,218	\$ 12,881
4	Hotel Receivables.....	1,040	100	940
	Other Receivables:			
5	Receivables due from officers and employees.....	10		
6	Receivables due from affiliates.....	7		
7	Other accounts and notes receivables.....	334		
8	Total other receivables.....	351	-	351
9	Totals (Form 205).....	\$ 25,490	\$ 11,318	\$ 14,172

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 7,893
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	195,886
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(136,794)
13	Checks collected through deposits.....	(55,959)
14	Checks transferred to returned checks.....	(4,030)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 6,996
17	"Hold" Checks Included In Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 4,673
19	Provision As A Percent Of Counter Checks Issued.....	2.4%

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC : ss.  
:

Michael J. Walsh, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.



Signature

VICE PRESIDENT FINANCE

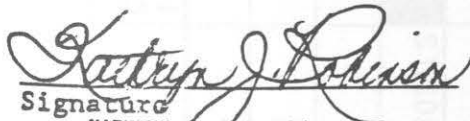
Title

01482-11

License Number

Subscribed and sworn to  
before me this 14th day  
of November 1991

On Behalf Of:



Signature

KATHRYN J. ROBINSON

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires FEB. 20, 1992

Basis of Authority  
to Take Oaths

BOARDWALK REGENCY CORPORATION  
Casino License

## HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	636	18,310	11,734	\$ 85.22	64.1 %	19,948	\$ 50.13
FEBRUARY	636	16,817	13,876	\$ 79.27	82.5 %	26,365	\$ 41.72
MARCH	636	19,018	16,966	\$ 82.51	89.2 %	34,587	\$ 40.48
1ST QUARTER TOTALS		54,145	42,576	\$ 82.21	78.6 %	80,900	\$ 43.26
APRIL	636	18,344	17,623	\$ 79.44	96.1 %	33,483	\$ 41.81
MAY	637	19,371	17,603	\$ 82.33	87.8 %	30,605	\$ 45.74
JUNE	637	18,937	17,733	\$ 90.23	93.6 %	33,692	\$ 47.49
2ND QUARTER TOTALS		56,652	52,359	\$ 84.04	92.4 %	97,780	\$ 45.00
JULY	637	19,541	19,047	\$ 84.00	97.5 %	34,285	\$ 46.67
AUGUST	637	19,423	18,792	\$ 90.46	96.8 %	35,705	\$ 47.61
SEPTEMBER	637	18,345	16,476	\$ 84.97	89.8 %	31,302	\$ 44.73
3RD QUARTER TOTALS		57,309	54,315	\$ 86.53	94.8 %	101,292	\$ 46.40
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

# QUARTERLY REPORT

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LICENSEE THE CLARIDGE AT PARK PLACE, INC.

ADDRESS INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 199

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .

RAYMOND A. SPERA

OFFICIAL TITLE . . . . .

VICE PRESIDENT OF FINANCE

ADDRESS . . . . .

INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

## BALANCE SHEETS

SEPTEMBER 30, 19 91 AND 19 90

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 91	(d) 19 90
<b>ASSETS</b>			
Current Assets:			
1	Cash .....	\$ 5,136	\$ 7,165
2	Marketable securities .....	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 91, \$ 2,200 ; 19 90, \$ 2,399 ) .....	16,676	17,390
4	Inventories .....	2,239	1,923
5	Prepaid expenses and other current assets .....	2,738	2,604
6	Total current assets .....	26,789	29,082
7	Investments, Advances, And Receivables .....	130,397	137,606
8	Property And Equipment - Net OF ACCUM. DEPRECIATION OF \$10,480 & \$10,211	3,755	3,303
9	Other Assets .....	335	189
10	Total Assets .....	\$ 161,276	\$ 170,180
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities:			
11	Accounts payable .....	\$ 2,818	\$ 2,618
12	Notes payable .....	-0-	-0-
Current portion of long-term debt:			
13	Due to affiliates .....	-0-	-0-
14	Other .....	2,181	3,384
15	Income taxes payable and accrued .....	1,451	-0-
16	Other accrued expenses .....	9,791	19,135
17	Other current liabilities .....	21,482	16,512
18	Total current liabilities .....	37,723	41,649
Long-Term Debt:			
19	Due to affiliates .....	-0-	-0-
20	Other .....	51,309	92,831
21	Deferred Credits .....	2,580	-0-
22	Other Liabilities .....	62,588	68,301
23	Commitments And Contingencies .....		
24	Total Liabilities .....	154,200	202,781
25	Stockholders', Partners', Or Proprietor's Equity .....	7,076	(32,601)
26	Total Liabilities And Equity .....	\$ 161,276	\$ 170,180

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

# STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30 19 91 and 19 90

(UNAUDITED)  
 (\$ IN THOUSANDS)

DESCRIPTION (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
Revenue:		
Casino .....	\$ 102,645	\$ 104,387
Rooms .....	8,382	9,028
Food and beverage .....	15,588	17,234
Other .....	1,770	1,970
Total revenue .....	128,385	132,619
Less: Promotional allowances <small>NOTE 17</small> .....	12,405	13,506
Net revenue .....	115,980	119,113
Costs And Expenses:		
Cost of goods and services .....	64,330	63,315
Selling, general, and administrative .....	28,122	29,138
Provision for doubtful accounts .....	423	433
Depreciation and amortization .....	919	1,151
Charges from affiliates other than interest:		
Management fees .....	-0-	-0-
Other <small>NOTE 13</small> .....	27,911	28,155
Total costs and expenses .....	121,705	122,192
Income (Loss) From Operations .....	(5,725)	(3,079)
Other Income (Expenses):		
Interest (expense) - affiliates <small>NOTE 13</small> .....	(324)	(324)
Interest (expense) - external .....	(4,660)	(11,177)
Investment alternative tax and related income (expense) - net <small>NOTE 3</small> .....	(1,108)	(1,188)
Nonoperating income (expense) - net <small>NOTE 9</small> .....	15,203	16,212
Total other income (expenses) .....	9,111	3,523
Income (Loss) Before Income Taxes And Extraordinary Items .....	3,386	444
Provision (credit) for income taxes <small>NOTE 12</small> .....	1,354	-0-
Income (Loss) Before Extraordinary Items .....	2,032	444
Extraordinary items (net of income taxes - 19 <u>  </u> , \$ <u>  </u> ; 19 <u>  </u> , \$ <u>  </u> ) .....	-0-	-0-
Net Income (Loss) .....	\$ 2,032	\$ 444

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 19 91 and 19 90(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 91	(c) 19 90
	Revenue:		
1	Casino .....	\$ 39,004	\$ 38,008
2	Rooms .....	3,558	3,612
3	Food and beverage .....	5,830	6,152
4	Other .....	611	707
5	Total revenue .....	49,003	48,479
6	Less: Promotional allowances ..... NOTE 10	5,123	5,096
7	Net revenue .....	43,880	43,383
	Costs And Expenses:		
8	Cost of goods and services .....	22,949	22,030
9	Selling, general, and administrative .....	9,677	9,536
10	Provision for doubtful accounts .....	144	149
11	Depreciation and amortization .....	325	358
	Charges from affiliates other than interest:		
12	Management fees .....	-0-	-0-
13	Other .....	8,922	9,058
14	Total costs and expenses .....	42,017	41,131
15	Income (Loss) From Operations .....	1,863	2,252
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....	(108)	(108)
17	Interest (expense) - external .....	(1,472)	(3,667)
18	Investment alternative tax and related income (expense) - net.....	(421)	(488)
19	Nonoperating income (expense) - net .....	5,069	5,427
20	Total other income (expenses).....	3,068	1,164
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	4,931	3,416
22	Provision (credit) for income taxes .....	1,879	-0-
23	Income (Loss) Before Extraordinary Items .....	3,052	3,416
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) .....	-0-	-0-
25	Net Income (Loss) .....	\$ 3,052	\$ 3,416

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30 19 91 AND 19 90(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 91		19 90	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	(PAR VALUE \$0.10, AUTHORIZED & OUTSTANDING 1,000 SHARES)		\$		\$
1	Common Stock: Beginning balance (January 1) .....	1,000	1	1,000	1
2	Sale of stock .....				
3	.....				
4	Ending balance .....	1,000	1	1,000	1
	Preferred Stock:				
5	Beginning balance (January 1) .....				
6	Sale of stock .....				
7	.....				
8	Ending Balance .....				
	Additional Paid-in Capital:				
9	Beginning balance (January 1) .....				
10	.....		4,999		4,999
11	.....				
12	Ending balance .....		4,999		4,999
	Treasury Stock:				
13	Beginning balance (January 1) .....		( )		( )
14	Purchase of additional stock .....		( )		( )
15	Sale or retirement of stock .....				
16	Ending balance .....		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) .....		( )		( )
18	.....				
19	.....				
20	Ending balance .....		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) .....		( )		( )
22	.....				
23	.....				
24	Ending balance .....		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1) .....		44		(38,045)
26	Prior period adjustments .....				
27	Net income (loss) .....		2,032		444
28	Dividends .....		( )		( )
29	.....				
30	.....				
31	Ending balance .....		2,076		(37,601)
32	Ending Stockholders' Equity .....		\$7,076		\$(32,601)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 19 91 AND 19 90

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) .....	\$	\$
2	Additional capital invested .....		
3	.....		
4	Ending balance .....		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	.....		
9	Ending balance .....		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) .....	(	(
11	Additional capital withdrawals .....	(	(
12	.....		
13	Ending balance .....	(	(
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) .....	(	(
15	.....		
16	.....		
17	Ending balance .....	(	(
18	<b>Ending Partners' Or Proprietor's Equity .....</b>	<b>\$</b>	<b>\$</b>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

NOT APPLICABLE

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 3,258	\$ 6,535
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		
3	Proceeds from the sale of short-term investment securities.....		
4	Purchase outflows for property and equipment.....	(769)	(1,159)
5	Proceeds from disposition of property and equipment.....	22	28
6	Purchase of casino reinvestment obligations.....	(247)	(281)
7	Purchase of other investments and loans/advances made.....	(938)	(936)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	6,620	6,747
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	4,688	4,399
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-0-	-0-
14	Payments to settle short-term debt.....	(900)	(1,000)
15	Cash proceeds from issuance of long-term debt.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(6,981)	(7,378)
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(7,881)	(8,378)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	65	2,556
25	Cash And Cash Equivalents At Beginning Of Period.....	5,071	4,609
26	Cash And Cash Equivalents At End Of Period.....	\$ 5,136	\$ 7,165

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 4,660	\$ 5,842
28	Income taxes.....	\$ -0-	\$ 33

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 19 90

(UNAUDITED)

(\$ IN THOUSANDS)

Line a)	Description (b)	(c) 19 91	(d) 19 90
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 2,032	\$ 444
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	853	1,120
31	Amortization of other assets.....	66	31
32	Amortization of debt discount or premium.....	-0-	401
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	(22)	(62)
36	(Gain) loss on casino reinvestment obligations.....	1,108	1,188
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks, EXCLUDING RECLASS FROM LONG TERM OF \$59 & \$(202).....	(213)	(360)
39	Net (increase) decrease in inventories.....	(242)	80
40	Net (increase) decrease in other current assets, ...*.....	(723)	(279)
41	Net (increase) decrease in other assets.....	(220)	(121)
42	Net increase (decrease) in accounts payables.....	172	(918)
43	Net increase (decrease) in other current liabilities excluding debt.....	5,110	10,330
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(4,103)	(4,832)
45	DISCOUNT ON WRAPAROUND MORTGAGE RECEIVABLE.....	(560)	(487)
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 3,258	\$ 6,535
	* EXCLUDING DECREASE IN CURRENT PORTION OF CRDA CREDIT OF \$493 (WHICH IS INCLUDED IN LINE 36)		

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 769	\$ 1,159
50	Less: Capital lease obligations incurred.....	\$ 769	\$ 1,159
	Cash Outflows For Property And Equipment.....		
51	Acquisition Of Business Entities:		
52	Property and equipment acquired.....	\$	\$
53	Goodwill acquired.....		
54	Net assets acquired other than cash, goodwill, and property and equipment.....		
55	Long-term debt assumed.....		
56	Issuance of stock or capital invested.....	\$ -0-	\$ -0-
	Cash Outflows To Acquire Business Entities.....		
57	Stock Issued Or Capital Contributions:		
58	Total issuances of stock or capital contributions.....	\$ -0-	\$ -0-
59	Less: Issuances to settle long-term debt.....		
60	Consideration in acquisition of business entities.....		
	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -0-	\$ -0-

## THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements  
SEPTEMBER 30, 1991 AND 1990(1) Business(a) Organization

The Claridge at Park Place, Incorporated ("New Claridge") formed on August 29, 1983, is a wholly-owned subsidiary of The Claridge Hotel and Casino Corporation (the "Corporation"). On October 31, 1983, New Claridge acquired certain assets of Del Webb's Claridge Casino - Hotel (the "Claridge"), including gaming equipment (the "Casino Assets"), from Del E. Webb New Jersey, Inc. ("DEWNJ"), a wholly-owned subsidiary of Del Webb Corporation ("Webb"), leased certain other of the Claridge's assets, including the buildings, parking facility and nongaming, depreciable, tangible property of the Claridge (the "Hotel Assets"), from Atlantic City Boardwalk Associates, L.P., ("the Partnership"), subleased the land on which the Claridge is located from the Partnership, assumed certain liabilities related to the acquired assets and undertook to carry on the business of the Claridge.

(b) Claridge Expansion

New Claridge expanded its facility by constructing a two story bridge building which connects the hotel building to the parking garage. The expanded facility, which opened to the public on August 28, 1986, houses approximately 10,000 square feet of casino space and a cabaret theatre with a seating capacity of approximately 200. The cost of the project approximated \$20 million. To finance the expansion, New Claridge together with Webb, DEWNJ, and the Partnership committed on March 17, 1986, to an agreement with the First Fidelity Bank, N.A. which increased the then current First Mortgage by an amount sufficient to finance the cost of the expansion. As a result of the expansion project and the increase in the First Mortgage certain new agreements were entered into and certain existing agreements and certain Webb Commitments were amended on March 17, 1986.

(c) Restructuring

On October 27, 1988, the parties with an economic interest in the Corporation and New Claridge executed an agreement (the "Restructuring Agreement") with respect to the restructuring (the "Restructuring") of the Claridge. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement, and resulted in New Claridge's first mortgage balance being reduced from \$89,015,000 to \$74,557,000. The implementation of this agreement resulted in a reorganization of the ownership interests in the Corporation, modifications of the rights and obligations of the five banks which are the participants in New Claridge's first mortgage loan (the "First Mortgage Lenders"), satisfaction and termination of the obligations and commitments

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

of Webb and DEWNJ, and modifications of the lease agreements between New Claridge and the Partnership. Had the parties not executed the Restructuring Agreement, New Claridge would probably have exhausted its working capital resources by December 1988, would not have been relicensed for the license period beginning October 31, 1988 through October 31, 1989, and would have had to consider filing for protection in bankruptcy.

(d) Other Significant Events

## Claridge License Renewal

On October 7, 1991, New Claridge was issued a two year license by the New Jersey Casino Control Commission (the "Commission") for the period commencing October 31, 1991. The relicensing approval was based in part on the execution of the second amendment to the Revolving Credit and Term Loan Agreement ("Loan Agreement") on April 23, 1991 (as discussed in Note 7). In addition, New Claridge is required to submit to the Commission by April 30, 1993 a plan to satisfy the balloon payment due on the First Mortgage Term Loan on January 1, 1994, pursuant to the terms of the Loan Agreement, with implementation of the plan by June 30, 1993.

(2) Summary of Significant Accounting Policies(a) Basis of Presentation

The accompanying financial statements are prepared in accordance with generally accepted accounting principles.

(b) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities. Interest income is recorded as earned.

(c) Casino Receivables and Revenues

Credit is issued to certain casino customers and New Claridge records all unpaid credit as casino receivables on the date the credit was granted. Allowances for estimated uncollectible casino receivables are provided to reduce these receivables to amounts anticipated to be collected. New Claridge recognizes as casino revenue, the net win (which is the difference between amounts wagered and amounts paid to winning patrons) from gaming activity.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(d) Promotional Allowances

Promotional allowances are presented at retail value. The cost of providing these complimentary is included in the statement of earnings as operating costs.

(e) Inventories

Inventories are stated at a lower of cost or market, cost being determined principally on a first-in, first-out basis.

(f) Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is provided over the estimated useful lives (five years) of the respective assets using the straight-line method.

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at September 30, 1991 and 1990 are summarized as follows:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
\$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$14,372,000 discount and \$15,107,000 discount at September 30, 1991 and 1990, respectively)	\$ 99,878	104,143
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	5,409	6,792
FF&E promissory note - expansion, 14%	12,581	13,557
Reinvestment Obligations	809	590
Reinvestment Obligation Credit	978	2,308
Investment in Resort Hotel Insurance Corporation	-0-	76
	<u>139,655</u>	<u>147,466</u>
Less Current Installments:		
Receivables	8,426	8,596
Reinvestment Obligation Credit	<u>832</u>	<u>1,264</u>
	<u>\$130,397</u>	<u>137,606</u>

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

The Expandable Wraparound Mortgage Loan Agreement ("Expandable Wraparound Mortgage") was executed and delivered by the Partnership to New Claridge and is secured by all property of the Partnership. As part of the agreement, New Claridge will service the Partnership's debt under the Partnership's First Mortgage and Purchase Money Second Mortgage indebtedness (Note 7). The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of \$20,000,000 in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the nine months ended September 30, 1991, \$3,750,000 in principal payments were made.

The Expandable Wraparound Mortgage also includes a provision whereby New Claridge will loan the Partnership up to \$25,000,000 in the form of FF & E promissory notes, secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment. One half of the principal is due in 48 months and the remaining balance is due 60 months from the date of the respective FF&E promissory note. During the nine months ended September 30, 1991, \$2,050,000 in FF & E Promissory Note principal payments were made.

The Expandable Wraparound Mortgage was increased by \$17 million to provide the Partnership with funding for the construction of the expansion. Effective on the date that the expansion opened to the public (August 28, 1986), the Partnership commenced making level monthly payments of principal and interest so as to repay on September 30, 1998, in full, the principal balance of this \$17 million increase in the Expandable Wraparound Mortgage. The Expandable Wraparound Mortgage was amended to require, in addition to the above, principal payments (in equal monthly installments) due during the years 1988 through 1998 in escalating amounts totalling \$80,000,000 and on September 30, 2000 a balloon payment of \$67,000,000, which includes \$20,000,000 of deferred interest.

The Casino Control Act as amended in December 1984 provides for the imposition of an investment obligation pursuant to criteria set forth in the Act or the payment of an alternative tax. The investment obligation is calculated as 1.25% of the total gaming revenues each calendar year. Gaming revenues are the total revenues derived from gaming operations less the provision for bad debt. If the casino licensee opts not to make an investment as required it is assessed an additional tax of 2.5% of total gaming revenues less the provision for bad debt. The licensee has two options in satisfying its investment obligation. It can make a direct investment in a project which must be approved by the Casino Reinvestment Development Authority ("CRDA") which is the agency responsible for administering this portion of the Casino Control Act. Or it can buy bonds issued by the CRDA which shall, if tax exempt, bear interest at the rate of 66 2/3% of the average rate of Bond Buyer Weekly 25 Revenue Bond Index for the 26 weeks proceeding the issue of the bonds.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

If the bonds are not tax exempt they shall bear interest at the rate of 66 2/3% of the average rate of Moody's A Rated Utility Index for the 26 weeks preceding the issue of the CRDA bonds. The investment obligation must be paid on the 15th day of the first, fourth, seventh, and tenth months of each year based on the estimated gaming revenues for the three month period preceding the first day of those months. The alternative tax must be paid not later than April 30 of the following year. New Claridge has deposited its reinvestment funds with the State Treasurer. Through September 30, 1991, \$9,515,000 has been deposited with the State. On March 16, 1987 CRDA had its first bond issue of which New Claridge's mandatory share was \$602,000. On April 30, 1987 a second bond issue was executed. New Claridge's portion amounted to \$1,052,000. Additional bond issuances executed through September 30, 1991 have totalled \$209,000. All purchases were made from funds already deposited. These funds deposited are earning interest at a rate approximately one-third less than market. Since at the time of purchase the bonds will also bear interest at two-thirds of market rates New Claridge has recorded a valuation allowance of \$3,227,000 to date of which \$81,000 was recorded during the nine months ended September 30, 1991. Until such time as the bonds are issued this valuation allowance may be adjusted due to potential fluctuations in bond interest rates and other factors, including the determination of the terms of the bonds. New Claridge's investment obligation at September 30, 1991 and 1990 is \$94,000 and \$91,000 respectively.

On December 1, 1989, New Claridge made a donation to the CRDA in the amount of \$6,659,000. The amount donated represented amounts previously paid to the CRDA and included all of New Claridge's obligations (a) incurred from January 1, 1984 through September 30, 1989; and (b) incurred prior to January 1, 1984 allocable to Atlantic City which had not, as of November 30, 1989, been applied to the purchase of bonds. In exchange for the donation, New Claridge received a credit equal to \$3,396,000, (fifty-one percent of its donation), to be applied to its obligation commencing after September 30, 1989. During the fourth quarter of 1989 New Claridge recorded an expense of \$1,102,000 to write-down the book value of the donated amount to \$3,396,000. A second donation was made to the CRDA, effective July 1, 1990, of funds previously paid to the CRDA which were allocable to the purchase of obligations of the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises ("SBMWE"). In exchange for this donation, which was in the amount of \$429,000, New Claridge received a credit equal to \$219,000 (fifty-one percent of the donation), to be applied to obligations commencing after June 30, 1990. During the third quarter of 1990, New Claridge recorded an expense of \$71,000 to write-down the book value of the donated amount to \$219,000. For the nine months ended September 30, 1991, New Claridge has recorded expense of \$1,027,000, representing the amount of the credits applied to the First, Second and Third Quarters of 1991 obligations.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

In addition, it was determined on January 15, 1990 that certain bonds issued by the CRDA and purchased by New Claridge pursuant to its investment obligation as required by the Casino Control Act, had become impaired and that the payment of interest and principal was uncertain. New Claridge's investment in these bonds totals \$1,654,000. These bonds as issued were to pay interest at approximately two-thirds of market rate. Consequently, New Claridge had recorded a valuation allowance of approximately \$538,000 at the time of purchase in 1987. Given the uncertainty regarding the receipt of principal and interest, New Claridge recorded an additional valuation allowance of \$1,116,000 during the fourth quarter of 1989 so as to fully reserve its investment.

At December 31, 1987, New Claridge also had a contingent liability to make a qualified investment in satisfaction of its pre-December 1984 investment obligation. Because no such qualified investment was made by December 31, 1988, New Claridge funded its obligation and accordingly \$333,000 was deposited with the State in 1988.

(4) Other Assets

Other assets at September 30, 1991 and 1990 consist of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Intangible assets (net of accumulated amortization of \$111 and \$31 at September 30, 1991 and 1990 respectively)	\$ 213	120
Refundable deposits, non-current	<u>122</u>	<u>69</u>
	<u>\$ 335</u>	<u>89</u>

(5) Other Accrued Expenses

Other accrued expenses at September 30, 1991 and 1990 consist of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Progressive jackpot liability	\$ 2,901	3,047
Accrued payroll and related benefits	3,947	5,290
Accrued interest payable	990	9,057
Other	<u>1,953</u>	<u>1,741</u>
	<u>\$ 9,791</u>	<u>19,135</u>

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(6) Other Current Liabilities

Other current liabilities at September 30, 1991 and 1990 consist of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Due to affiliates	\$ 3,600	3,600
Deferred rent, current	15,078	9,510
Auto/general claims liability	1,911	1,998
Other	<u>893</u>	<u>1,404</u>
	<u>\$21,482</u>	<u>16,512</u>

As of September 30, 1991 and 1990, Due to Affiliates includes \$3.6 million due to the Partnership. On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge \$3.6 million representing all its cash other than funds needed to pay expenses incurred through or at the closing of the Restructuring.

As of September 30, 1991, the amount of deferred rent of \$15,078,000 represents the maximum deferral allowed in accordance with the terms of the Operating Lease Agreement and Expansion Operating Lease Agreement, as amended (see Note 11).

(7) Long-term Debt

Long term debt at September 30, 1991 and 1990 consists of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
First Mortgage Note (a)	53,490	63,497
\$47,000,000 Purchase Money Second Mortgage (net of \$14,282,000 discount at September 30, 1990)(b)	-0-	32,718
Revolving line of credit (c)	<u>-0-</u>	<u>-0-</u>
	53,490	96,215
Less current installments	<u>2,181</u>	<u>3,384</u>
	<u>\$51,309</u>	<u>92,831</u>

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

- a) As a result of the Restructuring which was concluded on June 16, 1989, the First Mortgage balance was reduced in accordance with the Restructuring Agreement from \$89,015,000 to \$74,557,000. The Revolving Credit and Term Loan Agreement ("Loan Agreement"), which constitutes an amendment to New Claridge's First Mortgage Agreement, prior to amendment as described below, required principal payments totalling \$1.5 million in both 1989 and 1990. A payment in the amount of \$500,000 was due and payable on the last day of each July, August, and September of 1989 and 1990. Commencing January 31, 1991, the required amortization of the first mortgage loan, prior to amendment as described below, for the calendar years 1991 and 1992 was \$11,500,000 per year payable in equal monthly installments with a balloon payment for the remaining balance due January 1, 1993.

On September 29, 1989 the Loan Agreement was amended to provide for a reduction of the required principal payments from \$1.5 million in 1990 and \$11.5 million in 1991 to \$500,000 in both 1990 and 1991, payable as follows: \$150,000 due on the last day of each July and August of 1990 and 1991 and \$200,000 on the last day of September in both 1990 and 1991. Required principal payments for 1992 remained at \$11.5 million, with the remaining balance due on January 1, 1993.

On March 13, 1991, the Corporation and New Claridge reached agreement with representatives of First Fidelity Bank, N.A. New Jersey and Marine Midland Bank, N.A., which act as lead banks for the First Mortgage Lenders, whereby the Loan Agreement would be modified. Effective April 23, 1991, the Loan Agreement was amended to provide the following:

- (i) the maturity date of the loan was extended from January 1, 1993 to January 1, 1994;
- (ii) the maximum amount of the revolving loan facility was reduced from \$11 million to \$7.5 million
- (iii) the interest rate was adjusted, effective April 1, 1991, to the "prime rate" of Marine Midland, N.A., plus one and one-half (1 1/2%) percent on a per annum basis;
- (iv) the principal payments on the term loan are \$1.2 million annually (payable in equal monthly installments), commencing May 1, 1991 with a \$100,000 prepayment of principal paid upon the execution of the amendment to the Loan Agreement;
- (v) the maximum annual capital expenditure limitation was increased from \$2 million per annum to \$3.5 million per annum, effective for calendar year 1991, with New Claridge able to carry over to the first quarter of the succeeding year up to \$350,000 not expended during any year. Also, the maximum amount of any "delayed payments" to a succeeding fiscal year for capital items delivered in any subject year was capped at \$1 million.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

A \$125,000 extension fee was paid by New Claridge upon the execution of the amendment to the Loan Agreement.

Interest prior to the amendment as outlined above was payable monthly in arrears at an annual rate equal to 1% over Marine Midland Bank, N.A.'s prime rate.

New Claridge is also required to pay, quarterly, to the First Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the Loan Agreement. In July, 1991, New Claridge made a principal payment of \$3,074,000 to the First Mortgage Lenders, which represented the amount of its excess cash flow for the quarter ended June 30, 1991. In September 1991, New Claridge made partial prepayments, totalling \$3,000,000, of its anticipated excess cash flow for the quarter ended September 30, 1991. In October 1991, New Claridge paid the balance of its excess cash flow for the third quarter in the amount of \$981,000, which amount is classified as current installments of long term debt at September 30, 1991.

Quarterly co-agent fees equal to one fortieth of one percent of the average daily outstanding balance of the First Mortgage during the quarter are required. In addition, New Claridge is required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital line.

On December 1, 1989, the First Mortgage Lenders agreed to the donation of certain funds, already deposited with the CRDA, to the CRDA. The First Mortgage Lenders required New Claridge to make quarterly principal payments as a permanent reduction to the First Mortgage balance, in an amount equal to one-half of the net savings (the amount of the credit used less the interest income lost due to the donation of the funds) for each quarter. The remaining one-half of the net savings is available to New Claridge. During the nine months ended September 30, 1991 New Claridge made principal payments totalling \$307,000 under this agreement.

- (b) In conjunction with the Restructuring, DEWNJ assigned, without recourse and without representation or warranty, of any kind or nature, to the First Mortgage Lenders all right, title and interest of DEWNJ in, to and under the Purchase Money Second Mortgage. New Claridge retained the right to require the bank to cancel and release the Purchase Money Second Mortgage and the obligations secured thereunder upon the occurrence of one or more of the following conditions:

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

- (i) all indebtedness, liabilities and obligations owing to the First Mortgage Lenders and secured by the First Mortgage have been paid in full;
- (ii) all or substantially all of the assets of New Claridge have been sold; or
- (iii) as of December 1, 1990, New Claridge holds all necessary licenses to operate an approved hotel and casino under the Casino Control Act and neither the Casino Control Commission nor the Division of Gaming Enforcement nor the New Jersey Attorney General has commenced any proceeding to revoke or terminate any such license.

As of December 1, 1990, New Claridge held all necessary licenses to operate an approved hotel and casino under the Casino Control Act. In addition, neither the Casino Control Commission, the Division of Gaming Enforcement nor the New Jersey Attorney General had commenced any proceeding to revoke or terminate the license. Accordingly, the Bank cancelled the Purchase Money Second Mortgage and released the obligations secured thereunder. Interest which accrued at 14% was to be deferred until January 1, 1991, at which time interest would have become due and payable. With the cancellation of the Purchase Money Second Mortgage New Claridge was released from its obligation to pay any amounts accrued for interest.

- c) Pursuant to the terms of the Loan Agreement as amended on the closing of the Restructuring, the First Mortgage Lenders established a revolving working capital facility in the amount of \$5.4 million subject to increase to up to \$7.5 million to the extent that during 1989 New Claridge made payments of principal other than scheduled payments of principal on the first mortgage loan. On September 29, 1989, the Loan Agreement was amended further to provide for increases in the revolving working capital facility to up to \$11 million to the extent New Claridge makes principal payments other than scheduled principal payments after September 30, 1989.

Effective April 23, 1991, the Loan Agreement was again amended to decrease the revolving working capital facility from \$11 million to \$7.5 million (as previously noted). In addition, the interest on the working capital facility borrowings, which is payable monthly in arrears, was increased from the prime rate plus 1% to the prime rate plus 1.5%.

At September 30, 1991 and 1990, there were no outstanding borrowings on the revolving working capital facility.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(8) Other Liabilities

Other liabilities at September 30, 1991 and 1990 consist of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Deferred rent	\$ 42,588	48,301
Contingent Liability - Webb	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 62,588</u>	<u>68,301</u>

Pursuant to the Restructuring Agreement, Webb retains an interest as a creditor, equal to \$20 million plus interest at a rate of 15% per annum commencing December 1, 1988, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan. Consequently, New Claridge has deferred the recognition of \$20 million of forgiveness income with respect to the Webb payment. Interest on the Webb payment is not being accrued since the likelihood of paying such amount is not considered probable at this time. On April 2, 1990, Webb, subject to The Claridge Hotel and Casino Corporation's consent, transferred its interest in the Webb payment to an irrevocable trust for the benefit of the United Way of Arizona, and upon such transfer Webb was no longer required to be qualified or licensed by the New Jersey Casino Control Commission.

(9) Other Nonoperating Income (Expense - Net)

Other nonoperating income (expense) - net for the nine months ended September 30, 1991 and 1990 consists of the following (in thousands):

	<u>1991</u>	<u>1990</u>
Interest Income - Wraparound Mortgage	\$ 14,744	15,479
Interest Income - Other	158	205
Other Nonoperating income/(expense)	(119)	68
Facilities/Maintenance Fee	398	398
Gain on Disposal of Assets	<u>22</u>	<u>62</u>
Total	<u>\$ 15,203</u>	<u>16,212</u>

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(10) Complimentary Services

Complimentary services for the three and nine months ended September 30, 1991 are summarized as follows:

For the three months ended September 30, 1991Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	20,476	\$1,329,345
Food	141,315	1,820,001
Beverage	332,872	1,710,058
Showroom	23,346	263,520
Total	<u>518,009</u>	<u>\$5,122,924</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	554,173	\$3,670,853
Travel	841	84,312
Parking	27,155	198,642
Other	17,036	165,638
Total	<u>599,205</u>	<u>\$4,119,445</u>

For the nine months ended September 30, 1991Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	48,733	\$ 2,785,265
Food	363,633	4,658,371
Beverage	841,003	4,365,611
Showroom	73,007	595,954
Total	<u>1,326,376</u>	<u>12,405,201</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	1,454,135	\$10,526,578
Travel	2,402	239,383
Parking	54,454	393,975
Other	83,546	602,020
Total	<u>1,594,537</u>	<u>\$11,761,956</u>

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(11) Operating Lease

New Claridge leases the Hotel Assets and the land on which the Claridge is located from the Partnership under an Operating Lease. The initial lease term is 15 years with three ten-year renewal options.

Basic lease payments under the Operating Lease as amended (as described below), as of September 30, 1991 are as follows:

10/01/91 - 09/30/92	\$ 32,578
10/01/92 - 09/30/93	32,333
10/01/93 - 09/30/94	33,172
10/01/94 - 09/30/95	33,971
10/01/95 - 09/30/96	34,716
Later Years	<u>73,667</u>
Total Minimum	<u>\$240,437</u>

In addition, additional rent payments are required based upon fixed assets purchased by the Partnership (the FF&E Replacements, note 3) and then leased to New Claridge. For the nine months ended September 30, 1991 and 1990 rental expense for all operating leases amounted to \$29,192,000 and \$29,223,000 respectively, of which \$(4,103,000) and \$(4,832,000) of rental expense is attributable to the requirement under Statement of Financial Accounting Statements #13 to provide a level rent expense for those leases with escalating payments. Under the terms of the Operating lease, the Partnership is responsible for taxes, assessments, insurance, maintenance and repairs and other costs related to use and occupancy of the Hotel Assets.

On March 17, 1986 New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge will lease the expansion facility for an initial term beginning March 17, 1986 and ending on September 30, 1998 with three 10-year renewal options. Basic annual rent payable during the initial term of the Expansion Operating Lease is \$3,950,000 in 1986 (prorated based on the day that the Expansion Improvements open to the public), annually thereafter the rental amount will be adjusted based on the Consumer Price Index but any increase not to exceed two percent per annum. The basic annual rent is predicated on the construction of the Expansion Improvements costing a specified amount. If the cost of construction differs from this amount, basic annual rent will be adjusted according to a formula. The total Expansion Operating Lease to be paid in 1991 is \$4,273,000. If the term of the Expansion Operating Lease is

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

extended, basic annual rent will be calculated pursuant to a formula, with such rent not to be more than \$3,000,000 nor less than \$2,500,000 and not to be greater than 10% more than the basic annual rent for the immediately preceding lease year in each lease year thereafter. New Claridge is required to pay as additional rent certain expenses relating to the leasing by the Partnership of the Air Rights granted by the City of Atlantic City to DEWNJ, over which the expansion facility is constructed. New Claridge is also required to pay as additional rent certain expenses and the debt service relating to Furniture, Fixture and Equipment Replacements and building improvements (collectively "Expansion FF&E Replacements") for the expanded facility. The Partnership will be required during the entire term of the Expansion Operating Lease to provide New Claridge with Expansion FF&E Replacements and until September 30, 1998, will be required to provide facility maintenance and engineering services to New Claridge. New Claridge will be obligated to lend the Partnership any amounts necessary to fund the cost of Expansion FF&E Replacements. Any advances by New Claridge for the foregoing will be secured under the Expandable Wraparound Mortgage. New Claridge will have the option to purchase, on September 30, 1998 and, if it renews the Expansion Operating Lease, on September 30, 2003, the expansion facility and the Partnership's interest in the Air Rights for their fair market value at the time the option is exercised.

Statement of Financial Accounting Standards ("SFAS") #13 requires that rental payment be recorded on a level basis throughout the lease term for those operating leases which include provisions for escalating payments. The Operating Lease requires basic rental payments to be made in equal monthly installments escalating yearly up to \$43,375,000 (annualized) in 1998. Under SFAS #13, basic rent expense prior to the closing of the Restructuring, was recognized on a leveled basis each year. Therefore, in the early years of the lease term, required cash payments were significantly lower than the related expense recognized for financial reporting purposes. In conjunction with the closing of the Restructuring, the Operating Lease Agreement and the Expansion Operating Lease Agreement were amended to provide for the deferral of \$15,078,000 of rental payments during the period July 1, 1988 through the beginning of 1992, and to provide for the abatement of basic rent thereafter. During the Third Quarter of 1991, the maximum deferral of basic rent allowable under the Operating Lease of \$15,078,000 was reached. On August 1, 1991, the Operating Lease Agreement and Expansion Operating Lease Agreement were amended to provide for the abatement of lease payments commencing January 1, 1991, for each calendar year through 1998 in an amount not to exceed \$10 million in any one calendar year, and not to exceed \$38,820,000 in the aggregate.

Effective with the closing of the Restructuring on June 16, 1989, lease expense recognized on a level basis is reduced prospectively, from the use of a revised schedule of rent levelling relative to the abatement of certain rental payments beginning in 1992.

## THE CLARIDGE CASINO - HOTEL

## Notes to Financial Statements - Continued

(12) Income Taxes

The provision for income taxes as of September 30, 1991 and 1990 is comprised of the following:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Current:		
Federal	\$1,451	-0-
State	-0-	-0-
Deferred	<u>2,580</u>	<u>-0-</u>
	<u>\$4,031</u>	<u>-0-</u>

The provision for income taxes differs from the amount computed at the statutory rate as follows:

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Federal income tax at statutory rates	\$1,354	151
Tax Benefit of Loss Carryforward	<u>-0-</u>	<u>(151)</u>
	<u>\$1,354</u>	<u>-0-</u>

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At September 30, 1991 there is no available net operating loss carryforward for financial statement purposes. As a result of the Second Mortgage forgiveness in 1990, the remaining financial statement net operating losses were utilized which resulted in the reinstatement of deferred taxes of approximately \$2,580,000. As a result of the restructuring in 1989, the amount of debt forgiven resulted in the loss or reduction of various tax attributes including tax operating loss carryforward of \$ 37,592,000, unused tax credits of \$1,041,000, and reduction in tax basis of assets by \$81,251,000. This also resulted in the reduction of net operating loss carryforwards for financial statement purposes in the amount of \$98,000,000 and the loss of all tax credit carryforwards for financial statement purposes. As a result of the reduction in tax basis of assets, future cash payments for income taxes will significantly exceed income tax expense for financial statement purposes in future years.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

As a result of the income earned for the nine months ended September 30, 1991, income tax expense of \$1,354,000 has been recorded.

13) Related Party Transactions

- (a) At the closing of the Restructuring on June 16, 1989, the Partnership loaned to New Claridge all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through or at the closing of the Restructuring. Interest on this loan accrues at 12% per year. For the nine months ended September 30, 1991 and 1990 interest expense due to affiliates was \$324,000 and \$324,000 respectively.
- (b) In conjunction with the Restructuring, the Maintenance Services Contract was assigned by DEWNJ to New Claridge; consequently, certain charges are paid directly to the Partnership. The costs of these services for the nine months ended September 30, 1991 and 1990 amounted to \$96,000 and \$80,000, respectively.
- (c) The Partnership has a direct material interest in the Expandable Wraparound Mortgage Loan Agreement and the Operating Lease as described in the preceding notes. Under the terms of the above agreements, for the nine months ended September 30, 1991 and 1990 New Claridge has earned interest income of \$14,744,000 and \$15,479,000 respectively, and incurred lease expense of \$27,815,000 and \$28,075,000, respectively.

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

SEPTEMBER 30, 19 91

(UNAUDITED)  
(\$ IN THOUSANDS)

## ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks .....	1,141		
2	Returned patrons' checks .....	2,401		
3	Total patrons' checks .....	3,542	\$ 2,137	\$ 1,405
4	Hotel Receivables .....	465	37	428
	Other Receivables:			
5	Receivables due from officers and employees.....	3		
6	Receivables due from affiliates .....	14,723		
7	Other accounts and notes receivables .....	1433		
8	Total other receivables .....	14,869	26	14,843
9	Totals (Form 205).....	\$ 18,876	\$ 2,200	\$ 16,676

## UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) .....	\$ 1,316
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	41,157
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) .....	( 32,238 )
13	Checks collected through deposits .....	( 7,844 )
14	Checks transferred to returned checks .....	( 1,250 )
15	Other adjustments .....	
16	Ending Balance .....	\$ 1,141
17	"Hold" Checks Included In Balance On Line 16 .....	\$
18	Provision For Uncollectible Patrons' Checks .....	\$ 404
19	Provision As A Percent Of Counter Checks Issued .....	1.0 %

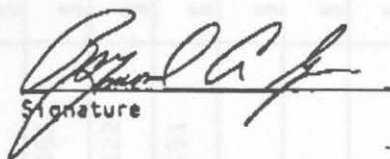
# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC : 188.  
:

RAYMOND A. SPERA, being duly sworn according to law upon my oath  
Name

deposes and says:

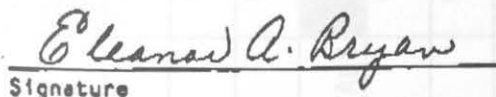
1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

  
Signature

VICE PRESIDENT OF FINANCE  
Title

002369-11  
License Number

Subscribed and sworn to  
before me this 14th day  
of November, 1991.

  
Signature

On Behalf Of:

THE CLARIDGE AT PARK PLACE, INC.  
Casino Licensee

**ELEANOR A. BRYAN**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires March 8, 1993

Basis of Authority  
to Take Oaths

## HOTEL STATISTICS

FOR THE <sup>9</sup> MONTHS ENDED September 30, 19<sup>91</sup>

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	501	15,531	9,357	\$ 55.93	60.2 %	18,476	\$ 28.33
FEBRUARY	501	12,969	11,073	\$ 59.43	85.4 %	18,723	\$ 35.15
MARCH	501	14,859	13,384	\$ 64.35	90.1 %	26,876	\$ 32.05
1ST QUARTER TOTALS		43,359	33,814	\$ 60.41	78.0 %	64,075	\$ 31.88
APRIL	501	14,820	14,056	\$ 64.45	94.8 %	29,098	\$ 31.13
MAY	501	15,103	12,467	\$ 71.69	82.5 %	25,560	\$ 34.97
JUNE	501	14,468	13,502	\$ 72.93	93.3 %	27,603	\$ 35.67
2ND QUARTER TOTALS		44,391	40,025	\$ 69.57	90.2 %	82,261	\$ 33.85
JULY	501	14,827	13,503	\$ 92.49	91.1 %	27,694	\$ 45.10
AUGUST	501	15,266	14,466	\$ 94.08	94.8 %	29,675	\$ 45.86
SEPTEMBER	501	14,668	13,122	\$ 72.31	89.5 %	26,668	\$ 35.58
3RD QUARTER TOTALS		44,761	41,091	\$ 86.61	91.8 %	84,037	\$ 42.35
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

DEC - 9 1991

185 W. STATE ST.  
TRENTON, N.J.

**LICENSEE** Greate Bay Hotel & Casino, Inc.

**ADDRESS** Indiana Avenue & Brighton Park

Atlantic City, New Jersey 08401

**FOR THE QUARTER ENDED** September 30, **1991**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .**

John R. Rauen

**OFFICIAL TITLE . . . . .**

Vice President, Finance

**ADDRESS . . . . .**

Indiana Avenue & Brighton Park

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE Sands Hotel & Casino

REPORT PERIOD

September 30, 1991 and 1990

TRADING NAME OF LICENSEE Sands Hotel & Casino

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED September 30, 1991

		(9) 1991	(1) 1990
		\$	\$
		30,774	35,989
		-	-
		2,254	41,788
		2,574	7,097
		3,124	5,873
<u>TITLE</u>	<u>FORM NO.</u>		
Balance Sheets	CCC-205	61,726	66,000
Statements of Income (Year-to-Date)	CCC-210	10,277	4,285
Statements of Income (Three Months)	CCC-215	138,408	185,115
		11,276	13,824
Statements of Changes in Stockholders' Equity	CCC-220	\$ 289,607	\$ 74,220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	\$ 5,311	\$ 9,710
Statements of Cash Flows	CCC-235	5,000	11,800
Notes to Financial Statements		4,507	1,251
Schedule of Receivables and Patrons' Checks	CCC-240	8,926	-
		8,817	8,119
Statement of Conformity and Accuracy	CCC-250	14,307	16,690
		10,253	1,444
		49,126	51,276
		178,306	40,408
		1,259	20,000
		2,254	-
		30,774	35,989
		21,759	29,472
	CCC-201	\$ 1,192,000	\$ 75,000

The accompanying forms are an integral part of the financial statements. Valid computer's records are such which using information contained in the report.

TRADING NAME OF LICENSEE Sands Hotel & Casino

BALANCE SHEETS

September 30, 1991 and 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>ASSETS</b>		
	Current Assets:	\$	\$
1	Cash.....	20,374	15,559
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$18,531 ; 1990, \$16,981 ).....Note 5..	37,254	43,199
4	Inventories.....	2,974	3,097
5	Prepaid expenses and other current assets.....	3,124	5,055
6	Total current assets.....	63,726	66,910
7	Investments, Advances, And Receivables.....Note 5, 8..	16,237	4,295
8	Property And Equipment - Net.....Note 7..	178,408	189,135
9	Other Assets.....	11,276	13,888
10	Total Assets.....	\$ 269,647	\$ 274,228
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:	\$ 5,331	\$ 9,210
11	Accounts payable.....		
12	Notes payable.....Note 3..	8,000	11,830
	Current portion of long-term debt:		
13	Due to affiliates.....Note 2..	4,537	1,261
14	Other.....Note 2..	8,906	-
15	Income taxes payable and accrued.....	8,812	8,119
16	Other accrued expenses.....Note 9..	18,787	16,640
17	Other current liabilities.....Note 5, 10..	10,763	4,436
18	Total current liabilities.....	65,136	51,496
	Long-Term Debt:		
19	Due to affiliates.....Note 2..	178,316	182,492
20	Other.....Note 2..	1,756	10,662
21	Deferred Credits.....	-	105
22	Other Liabilities.....Note 5..	2,565	-
23	Commitments And Contingencies		
24	Total Liabilities.....	247,773	244,755
25	Stockholders', Partners', Or Proprietor's Equity.....	21,874	29,473
26	Total Liabilities And Equity.....	\$ 269,647	\$ 274,228

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	183,626	177,241
2	Rooms.....	7,894	8,367
3	Food and beverage.....	22,600	22,282
4	Other.....	3,131	4,828
5	Total revenue.....	217,251	212,718
6	Less: Promotional allowances.....Note 11.	19,654	18,246
7	Net revenue.....	197,597	194,472
	Costs And Expenses:		
8	Cost of goods and services.....	84,792	85,466
9	Selling, general, and administrative.....Note 5..	69,429	65,899
10	Provision for doubtful accounts.....	3,210	4,740
11	Depreciation and amortization.....	13,212	12,432
	Charges from affiliates other than interest:		
12	Management fees.....Note 5..	5,243	4,724
13	Other.....	-	-
14	Total costs and expenses.....	175,886	173,261
15	Income (Loss) From Operations.....	21,711	21,211
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....Note 5..	<17,966>	<17,429>
17	Interest (expense) - external.....	<997>	<449>
18	Investment alternative tax and related income (expense) - net.....	<2,160>	<4,061>
19	Nonoperating income (expense) - net.....Note 6..	3,658	2,091
20	Total other income (expenses).....	<17,465>	<19,848>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	4,246	1,363
22	Provision (credit) for income taxes.....Note 4..	2,800	1,333
23	Income (Loss) Before Extraordinary Items.....	1,446	30
24	Extraordinary items (net of income taxes - 1991, \$ ; 1990, \$ ).....	-	-
25	Net Income (Loss).....	\$ 1,446	\$ 30

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	71,661	63,650
2	Rooms.....	2,821	3,218
3	Food and beverage.....	8,783	7,412
4	Other.....	1,869	1,802
5	Total revenue.....	85,134	76,082
6	Less: Promotional allowances.....Note 11.	7,857	6,337
7	Net revenue.....	77,277	69,745
	Costs And Expenses:		
8	Cost of goods and services.....	32,259	29,358
9	Selling, general, and administrative.....	25,618	22,719
10	Provision for doubtful accounts.....	1,294	789
11	Depreciation and amortization.....	4,201	4,047
	Charges from affiliates other than interest:		
12	Management fees.....	2,397	2,178
13	Other.....	-	-
14	Total costs and expenses.....	65,769	59,091
15	Income (Loss) From Operations.....	11,508	10,654
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	<5,934>	<5,781>
17	Interest (expense) - external.....	574	<93>
18	Investment alternative tax and related income (expense) - net.....	<848>	<703>
19	Nonoperating income (expense) - net.....	1,244	784
20	Total other income (expenses).....	<4,964>	<5,793>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	6,544	4,861
22	Provision (credit) for income taxes.....	2,984	3,202
23	Income (Loss) Before Extraordinary Items.....	3,560	1,659
24	Extraordinary items (net of income taxes - 1991, \$ ; 1990, \$ ).....	-	-
25	Net Income (Loss).....	\$ \$ 3,560	\$ \$ 1,659

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE 9 MONTHS ENDED September 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991		(d) 1990	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1).....	100	3,500	100	3,500
2	Sale of stock.....				
3	.....				
4	Ending balance.....	100	3,500	100	3,500
	Preferred Stock:				
5	Beginning balance (January 1).....				
6	Sale of stock.....				
7	.....				
8	Ending Balance.....				
	Additional Paid-in Capital:	+++++		+++++	
9	Beginning balance (January 1).....	+++++	19,738	+++++	19,738
10	Dividends.....	+++++	<6,600>	+++++	
11	.....	+++++		+++++	
12	Ending balance.....	+++++	13,138	+++++	19,738
	Treasury Stock:				
13	Beginning balance (January 1).....		( )		( )
14	Purchase of additional stock.....		( )		( )
15	Sale or retirement of stock.....				
16	Ending balance.....		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1).....		( )		( )
18	.....				
19	.....				
20	Ending balance.....		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:	+++++		+++++	
21	Beginning balance (January 1).....	+++++	( )	+++++	( )
22	.....	+++++		+++++	
23	.....	+++++		+++++	
24	Ending balance.....	+++++		+++++	
	Retained Earnings:	+++++		+++++	
25	Beginning balance (January 1).....	+++++	3,790	+++++	6,205
26	Prior period adjustments.....	+++++		+++++	
27	Net income (loss).....	+++++	1,446	+++++	30
28	Dividends.....	+++++		+++++	
29	.....	+++++		+++++	
30	.....	+++++		+++++	
31	Ending balance.....	+++++	5,236	+++++	6,235
32	Ending Stockholders' Equity.....	+++++	\$ 21,874	+++++	\$ 29,473

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY

FOR THE 9 MONTHS ENDED September 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	NOT APPLICABLE	
		(c) 1991	(d) 1990
	Invested Capital:	\$	\$
1	Beginning balance (January 1).....		
2	Additional capital invested.....		
3	_____:		
4	Ending balance.....		
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....		
6	Prior period adjustments.....		
7	Net income (loss).....		
8	_____:		
9	Ending balance.....		
	Capital Withdrawals:		
10	Beginning balance (January 1).....	( )	( )
11	Additional capital withdrawals.....	( )	( )
12	_____:		
13	Ending balance.....	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	( )	( )
15	_____:		
16	_____:		
17	Ending balance.....	( )	( )
18	Ending Partners' Or Proprietor's Equity.....	\$	\$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED September 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) By Operating Activities.....	\$ 15,619	\$ 2,742
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		
3	Proceeds from the sale of short-term investment securities.....		
4	Purchase outflows for property and equipment.....	<3,088>	<16,965>
5	Proceeds from disposition of property and equipment.....	387	
6	Purchase of casino reinvestment obligations.....	<302>	<458>
7	Purchase of other investments and loans/advances made.....		
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....		
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	<3,003>	<17,423>
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	7,000	15,600
14	Payments to settle short-term debt.....	<4,000>	<3,770>
15	Cash proceeds from issuance of long-term debt.....	-	8,000
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	<1,035>	<779>
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....	<6,600>	
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	<4,635>	19,051
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	7,981	4,370
25	Cash And Cash Equivalents At Beginning Of Period.....	12,393	11,189
26	Cash And Cash Equivalents At End Of Period.....	\$ 20,374	\$ 15,559

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 19,034	\$ 17,251
28	Income taxes.....	\$ 3,039	\$ 174

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED September 30, 1991, and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Net Cash Flows From Operating Activities:	\$	\$
29	Net income (loss).....	1,446	30
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	11,902	11,198
31	Amortization of other assets.....	1,310	1,234
32	Amortization of debt discount or premium.....	271	271
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	<631>	<2,061>
35	(Gain) loss on disposition of property and equipment.....		
36	(Gain) loss on casino reinvestment obligations.....	2,160	4,061
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	<2,197>	<12,557>
39	Net (increase) decrease in inventories.....	113	<636>
40	Net (increase) decrease in other current assets.....	<938>	<174>
41	Net (increase) decrease in other assets.....	886	<125>
42	Net increase (decrease) in accounts payables.....	<2,599>	273
43	Net increase (decrease) in other current liabilities excluding debt.....	4,071	1,228
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	<175>	-
45	.....		
46	.....		
47	Net Cash Provided (Used) By Operating Activities.....	\$ 15,619	\$ 2,742

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property and Equipment:	\$	\$
49	Additions to property and equipment.....	3,088	16,965
50	Less: Capital lease obligations incurred.....		
	Cash Outflows For Property And Equipment.....	\$ 3,088	\$ 16,965
51	Acquisition Of Business Entities:	\$	\$
52	Property and equipment acquired.....		
53	Goodwill acquired.....		
54	Net assets acquired other than cash, goodwill, and property and equipment.....		
55	Long-term debt assumed.....		
56	Issuance of stock or capital invested.....	\$	\$
	Cash Outflows To Acquire Business Entities.....		
57	Stock Issued Or Capital Contributions:	\$	\$
58	Total issuances of stock or capital contributions.....		
59	Less: Issuances to settle long-term debt.....		
60	Consideration in acquisition of business entities.....	\$	\$
	Cash Proceeds From Issuing Stock Or Capital Contributions.....		

SANDS HOTEL & CASINO  
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)  
Notes to Financial Statements  
(unaudited)

Note 1 - Organization and Business

Greate Bay Hotel & Casino, Inc. ("GBH&C") is a New Jersey Corporation and, through an affiliate, is a wholly-owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"). Pratt Casino Properties, a Delaware corporation, is wholly owned by Pratt Hotel Corporation ("Pratt"), a Delaware corporation, through certain of its subsidiaries. Pratt Casino Properties was incorporated during October 1987, and acquired the ownership of GBH&C through contributions of capital by its parent.

During the nine month period ended September 30, 1991, there were no changes in GBH&C's significant accounting policies as previously reported. In addition, there are no significant differences in the footnotes presented herein versus those reported in GBH&C's annual report at December 31, 1990 to the Casino Control Commission.

Note 2 - Long-term Debt

Long-term debt as of September 30, 1991 and 1990 is as follows:

	<u>1991</u>	<u>1990</u>
11.75% first mortgage notes, due 1994, net of discount of \$1,022,000 and \$1,383,000 respectively (A)	\$171,654,000	\$171,646,000
16.5% promissory note due 1998 (B)	11,200,000	11,200,000
Term loan due 1992 (C)	8,000,000	8,000,000
Note payable to bank, due 1991 (D)	2,175,000	3,075,000
Other	<u>486,000</u>	<u>494,000</u>
	193,515,000	194,415,000
Less: Current portion of long-term debt	<u>&lt;13,443,000&gt;</u>	<u>&lt;1,261,000&gt;</u>
Long-term Debt:	<u>\$180,072,000</u>	<u>\$193,154,000</u>

(A) On August 6, 1987, GBH&C borrowed from an affiliate \$173,030,000 of seven-year nonrecourse first mortgage notes (the "Notes"). The Notes bear interest at 11.75% per annum, payable monthly; interest only is payable during the first four years; and thereafter, principal, with interest, is payable in monthly installments of \$2,049,000 based on a 15-year amortization schedule with the unpaid balance of \$158,310,000 due during August 1994.

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
Notes to Financial Statements  
(unaudited)

Note 2 - Long-term Debt - (continued)

The mortgage indenture contains various provisions that, among other things, restrict the ability of GBH&C to incur additional secured indebtedness, create additional liens on the property or sell the Sands on the Park. Additionally, maintenance of certain cash balances is required, as well as a requirement that a minimum of \$5,000,000 be committed annually for property and fixtures renewals, replacements and betterments. Substantially all of GBH&C's assets are pledged as collateral and the Notes are guaranteed to the extent of \$10,000,000 by Pratt.

- (B) The note is payable to an affiliate, bears interest at 16.5% per annum, payable semi-annually in March and September, and matures in March 1998.
- (C) The note bears interest at the London Interbank Offered Rate ("LIBOR") plus 2.625% per annum, payable quarterly and at maturity on September 28, 1992. The note requires, among other things, that GBH&C maintain certain financial ratios and places restrictions on the amount of new borrowings or increases in existing debt. The loan is collateralized by a first mortgage on the land and improvements which comprise the Sands on the Park administrative offices complex and is guaranteed by Pratt and Pratt Casino Properties.
- (D) The note bears interest at 1% above the bank's prime lending rate and provides for equal monthly principal payments of \$75,000 with the unpaid balance of \$1,275,000 due during October 1992.

Maturities of Long-term debt at September 30, 1991 amounted to:

1991 (3 months)	\$ 1,311,000
1992	14,628,000
1993	5,258,000
1994	161,678,000
1995	9,000
Thereafter	<u>11,653,000</u>
<b>Total Payments</b>	<b><u>194,537,000</u></b>

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
**Notes to Financial Statements**  
**(unaudited)**

**Note 3 - Short-term credit facilities**

GBH&C's short-term credit facilities include a \$5,000,000 bank line of credit and a \$1,000,000 credit facility which is available subject to the bank's review of GBH&C's financial statements. As of September 30, 1991, GBH&C had borrowed \$4,000,000 on the line of credit. Both credit facilities are guaranteed by Pratt Casino Properties and are subject to renewal on April 30, 1992.

Additionally, GBH&C has a separate \$4,000,000 revolving line of credit. As of September 30, 1991, GBH&C had borrowed \$4,000,000 on this line of credit. The revolving credit agreement is subject to renewal on September 28, 1992.

**Note 4 - Income Taxes**

The components of the provision for income taxes for the nine months ended September 30, 1991 and 1990 are as follows:

	<u>1991</u>	<u>1990</u>
Federal Income Tax Provision (Benefit)		
Current	\$ 2,654,000	\$ 2,635,000
Deferred	<484,000>	<1,614,000>
State Income Tax Provision (Benefit)		
Current	777,000	759,000
Deferred	<u>&lt;147,000&gt;</u>	<u>&lt;447,000&gt;</u>
Total Provision (Benefit) for Income Taxes:	<u>\$ 2,800,000</u>	<u>\$ 1,333,000</u>

**Note 5 - Related Party Transactions**

GBH&C has a management agreement with Pratt Casino Management, Inc., ("PCMI"), a subsidiary of Pratt. Pursuant to the management agreement, PCMI is responsible for the supervision, direction and control of the day-to-day operation of the hotel/casino. In accordance with the provisions of this management agreement, PCMI is entitled to receive annually a basic consulting fee of 1.5% of "adjusted gross revenues", as defined, and, if annual "gross operating profits" as defined, exceed \$5,000,000, incentive compensation of between 5% and 7.5% of gross

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
Notes to Financial Statements  
(unaudited)

Note 5 - Related Party Transactions - (Continued)

operating profits in excess of certain stated amounts. Total charges to operations for the nine months ended September 30, 1991 and 1990 were \$5,243,000 and \$4,724,000 respectively and are included in management fees charged from affiliates in the accompanying Financial Statements. Consultant and incentive fees of \$4,217,000 and \$2,986,000 were due to PCMI at September 30, 1991 and 1990 respectively, and are included in other current liabilities in the accompanying financial statements.

GBH&C has a license agreement with PPI, (an affiliate) which entered into a parallel agreement with an unrelated third party. The license agreement provides for a license fee equal to the greater of (i) 3% of room charges, as defined, or (ii) \$100,000 for each property using the name. Such charges amounted to \$236,000 and \$250,000 for the nine months ended September 30, 1991 and 1990, respectively. Such amounts are included in general and administrative expenses in the accompanying financial statements.

For the nine months ended September 30, 1991 and 1990 the Company recognized the following amounts in interest charges to affiliates:

	<u>1991</u>	<u>1990</u>
11.75% first mortgage notes	\$15,460,000	\$15,519,000
16.5% promissory note	1,386,000	1,386,000
Cash Advances from Affiliates	<u>1,120,000</u>	<u>524,000</u>
Totals	<u>\$17,966,000</u>	<u>\$17,429,000</u>

At September 30, 1991 GBH&C had cash advances receivable from affiliates totalling \$15,210,000. In addition, GBH&C had cash advances payable to affiliates totalling \$7,662,000. These amounts are included in receivables and patrons' checks, investments, advances, and receivables and other liabilities, respectively, in the accompanying financial statements. Advances to affiliates and from affiliates bear interest at 16.5% per annum.

Note 6 - Non-Operating Income (Expenses)

For the nine months ended September 30, 1991 and 1990, interest income of \$3,658,000 and \$2,091,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
Notes to Financial Statements  
(unaudited)

**Note 7 - Property and Equipment**

Property and equipment as of September 30, 1991 and 1990 consisted of the following:

	1991	1990
Land	\$ 37,554,000	\$ 37,554,000
Buildings	169,583,000	169,289,000
Furniture, fixtures and equipment	92,272,000	89,893,000
Construction in progress	545,000	2,243,000
	299,954,000	298,979,000
Less: accumulated depreciation and amortization	<121,546,000>	<109,844,000>
<b>Total property and equipment</b>	<b>\$178,408,000</b>	<b>\$189,135,000</b>

**Note 8 - Investments, Advances, and Receivables**

At September 30, 1991 and 1990, the line item Investments, Advances and Receivables is comprised of the following:

	1991	1990
Investments with the Casino Reinvestment Development Authority (net of allowance of \$4,785,000 and \$2,964,000 at September 30, 1991 and 1990 respectively)	\$ 6,188,000	\$ 4,195,000
Cash advances to affiliate - Noncurrent	10,011,000	-
Other items	38,000	100,000
<b>Total Investments, Advances and Receivables</b>	<b>\$16,237,000</b>	<b>\$ 4,295,000</b>

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
**Notes to Financial Statements**  
**(unaudited)**

**Note 9 - Other Accrued Expenses**

As of September 30, 1991 and 1990, the line item Other Accrued Expenses is comprised of the following:

	1991	1990
Accrued expenses	\$ 6,873,000	\$ 5,923,000
Accrued salaries & wages	3,591,000	2,858,000
Accrued jackpot liability	3,901,000	3,409,000
Accrued insurance	2,426,000	2,074,000
Accrued interest	1,996,000	2,376,000
	<u>\$ 18,787,000</u>	<u>\$ 16,640,000</u>

**Note 10 - Other Current Liabilities**

As of September 30, 1991 and 1990, the line item Other Current Liabilities was comprised of the following:

	1991	1990
Due to affiliates	\$ 9,326,000	\$ 1,496,000
Other	1,437,000	2,940,000
	<u>\$ 10,763,000</u>	<u>\$ 4,436,000</u>

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
**Notes to Financial Statements**  
**(unaudited)**

**Note 11 - Promotional Allowances and Expenses**

A summary of Promotional Allowances and Expenses incurred during the nine month period ended September 30, 1991 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Dollar Amount</u>
Rooms	70,683	\$3,760,000		\$
Food	653,174	7,511,000		
Beverage	1,209,258	7,256,000		
Travel	-	-	20,137	5,224,000
Theatre	20,824	742,000	-	-
Bus Tour Coupon				
Exchange Coin			633,584	11,190,000
Complimentary Distribution				
Program			157,982	8,779,000
Food Court - Other			110,820	776,000
Other	48,115	<u>385,000</u>	78,494	<u>2,364,000</u>
Total Promotional Allowances and Expenses		<u>\$19,654,000</u>		<u>\$28,333,000</u>

A summary of Promotional Allowances and Expenses incurred during the three month period ended September 30, 1991 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Dollar Amount</u>
Rooms	27,085	\$1,367,000		\$
Food	242,841	2,997,000		
Beverage	468,895	2,814,000		
Travel	-	-	7,216	1,872,000
Theatre	14,564	548,000	-	-
Bus Tour Coupon				
Exchange Coin			265,567	4,056,000
Complimentary Distribution				
Program			85,907	4,147,000
Food Court - Other			41,543	291,000
Other	16,332	<u>131,000</u>	26,373	<u>794,000</u>
Total Promotional Allowances and Expenses		<u>\$ 7,857,000</u>		<u>\$11,160,000</u>

SANDS HOTEL & CASINO  
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)  
Notes to Financial Statements  
(unaudited)

Note 12 - Commitments and Contingencies

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the Sands on the Park during 1983 and 1984. The arbitration award, including interest through January 31, 1989, totalled \$14,524,000 and on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company sought reconsideration of the Superior Court's confirmation of the arbitration award, the confirmation of the award into a judgment was reaffirmed. The construction management company filed an appeal of the determination of the Superior Court confirming the arbitration award into a judgment; this appeal was heard on March 4, 1991 and on May 29, 1991, the Appellate Division of the Superior Court reaffirmed the judgement in favor of GBH&C. The construction management company requested that the New Jersey Supreme Court review the judgment; such request was rejected. The construction management company has since requested that the New Jersey Supreme Court reconsider its refusal to review the judgment; the New Jersey Supreme Court has yet to rule on such request. GBH&C believes this amount, plus post-judgment interest, will be collected during 1991. In accordance with the New Jersey Rules of Court, the construction management company was required to post a supersedeas bond in the full amount of the award plus projected interest, so as to avoid GBH&C seeking to execute on its judgment against the construction management company during the pendency of the appeal therefrom. Based on the advice of counsel, GBH&C believes that the likelihood of the award being modified or vacated is remote.

Note 13 - Subsequent Event

On October 1, 1991, GBH&C paid a dividend in the amount of \$6,600,000 to its parent.

TRADING NAME OF LICENSEE Sands Hotel & Casino

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30, 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patrons' Checks: Undeposited patrons' checks.....	\$ 6,407		
2	Returned patrons' checks.....	24,695		
3	Total patrons' checks.....	31,102	\$ 18,437	\$ 12,665
4	Hotel Receivables.....	993	94	899
5	Other Receivables: Receivables due from officers and employees.....	-		
6	Receivables due from affiliates.....	5,955		
7	Other accounts and notes receivables.....	18,369		
8	Total other receivables.....	24,324		24,324
9	Totals (Form 205).....	\$ 56,419	\$ 18,531	\$ 37,888

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 6,276
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	183,377
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	( 141,720 )
13	Checks collected through deposits.....	( 34,022 )
14	Checks transferred to returned checks.....	( 7,504 )
15	Other adjustments.....	-
16	Ending Balance.....	\$ 6,407
17	"Hold" Checks Included in Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 3,162
19	Provision As A Percent Of Counter Checks Issued.....	1.72%

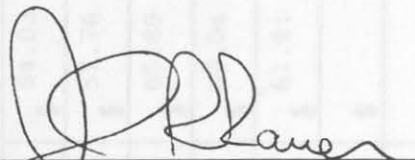
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:ss.  
COUNTY OF ATLANTIC :

John R. Rau, being duly sworn according to law upon my oath  
NAME

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

  
Signature

John R. Rau  
Vice President, Finance

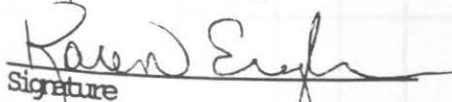
Title

866-11  
License Number

On Behalf Of:

Greene Bay Hotel & Casino, Inc.  
Casino Licensee

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of Nov., 1991

  
Signature

KAREN E. ERDLER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Nov. 18, 1993

Basis of Authority  
to Take Oaths

**HOTEL STATISTICS**  
 FOR THE <sup>9</sup> \_\_\_\_\_ MONTHS ENDED September 30, 19<sup>91</sup> \_\_\_\_\_

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	500	15,268	13,414	\$ 54.98	87.9 %	24,906	\$ 29.61
FEBRUARY	500	13,798	13,420	\$ 54.62	97.3 %	24,791	\$ 29.57
MARCH	500	15,324	15,015	\$ 59.87	98.0 %	26,969	\$ 33.33
1ST QUARTER TOTALS		44,390	41,849	\$ 56.62	94.3 %	76,666	\$ 30.91
APRIL	500	14,810	14,145	\$ 60.41	95.5 %	26,112	\$ 32.72
MAY	500	15,352	13,727	\$ 66.24	89.4 %	24,941	\$ 36.46
JUNE	500	14,948	14,428	\$ 65.47	96.5 %	25,623	\$ 36.87
2ND QUARTER TOTALS		45,110	42,300	\$ 64.03	93.8 %	76,676	\$ 35.32
JULY	500	15,403	14,743	\$ 57.76	95.7 %	26,756	\$ 31.83
AUGUST	500	15,371	14,902	\$ 65.89	96.9 %	27,872	\$ 35.23
SEPTEMBER	500	14,833	13,982	\$ 62.04	94.3 %	25,466	\$ 34.06
3RD QUARTER TOTALS		45,607	43,627	\$ 61.91	95.7 %	80,094	\$ 33.72
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

LIST OF FORMS - QUARTERLY REPORT

# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

DEC - 9 1991

185 W. STATE ST.

**LICENSEE** MARINA ASSOCIATES

**ADDRESS** 1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

**FOR THE QUARTER ENDED** SEPTEMBER 30, **19** 91

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .** JOSEPH A. DOMENICO

**OFFICIAL TITLE. . . . .** VICE PRESIDENT OF FINANCE

**ADDRESS . . . . .** 1725 BRIGANTINE BOULEVARD  
ATLANTIC CITY, NJ 08401



Trading Name of Licensee: HARRAH'S CASINO HOTEL, ATLANTIC CITY

**BALANCE SHEETS**

September 30, 1991 and 1990

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>ASSETS</b>		
	Current Assets:		
1	Cash . . . . .	\$ 2,783	\$ 8,546
2	Marketable Securities . . . . .	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991 \$4,909; 1990 \$5,088 . . . . .	8,978	10,442
4	Inventories . . . . .	2,216	2,229
5	Prepaid expenses and other current assets . . . . .	2,393	1,968
6	Total current assets . . . . .	16,370	23,185
7	Investments, Advances and Receivables (Note 4) . . . . .	398,896	337,506
8	Property and Equipment - Net . . . . . (Note 2)	247,153	240,061
9	Other Assets . . . . .	1,973	4,367
10	Total Assets . . . . .	664,392	605,119
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities		
11	Accounts payable . . . . .	\$ 3,068	\$ 3,030
12	Notes payable . . . . .	0	0
	Current portion of long-term debt:		
13	Due to affiliates . . . . .	0	0
14	Other . . . . . (Note 3)	120	56
15	Income taxes payable and accrued . . . . .	1,616	1,377
16	Other accrued expenses . . . . . (Note 8)	13,236	15,118
17	Other current liabilities . . . . .	247	193
18	Total current liabilities . . . . .	18,287	19,774
	Long-Term Debt:		
19	Due to affiliates . . . . .	0	0
20	Other . . . . . (Note 3)	91	108
21	Deferred Credits . . . . .	0	0
22	Other Liabilities . . . . . (Note 9)	28,245	25,134
23	Commitments and Contingencies . . . . . (Note 5)		
24	Total Liabilities . . . . .	46,623	45,016
25	Stockholders', Partners', or Proprietor's Equity . . . . .	617,769	560,103
26	Total Liabilities and Equity . . . . .	\$664,392	\$605,119

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF INCOME

For the Nine Months Ended September 30, 1991 and 1990

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:		
1	Casino . . . . .	\$220,201	\$220,433
2	Rooms . . . . .	13,914	16,552
3	Food and Beverage . . . . .	29,313	31,454
4	Other . . . . .	6,838	7,054
5	Total revenue . . . . .	270,266	275,493
6	Less: Promotional Allowance . . . . (Note 7) . . .	27,401	29,023
7	Net revenue . . . . .	242,865	246,470
	Costs and Expenses:		
8	Cost of goods and services . . . . .	127,869	131,972
9	Selling, general, and administrative . . . . .	51,782	42,142
10	Provision for doubtful accounts . . . . .	1,862	2,145
11	Depreciation and amortization . . . . .	9,669	9,353
	Charges from affiliates other than interest:		
12	Management Fees . . . . .	0	0
13	Other . . . . .	0	0
14	Total costs and expenses . . . . .	191,182	185,612
15	Income (Loss) from Operations . . . . .	51,683	60,858
	Other Income (Expenses):		
16	Interest (expense) - affiliates . . . . .	0	0
17	Interest (expense) - external . . . . .	( 172)	( 492)
18	Investment alternative tax and related income . . . . (expense) - net . . . . .	( 1,050)	( 242)
19	Nonoperating income (expense) - net . . . . .	593	605
20	Total other income (expenses) . . . . .	( 629)	( 129)
21	Income (Loss) Before Income Taxes and Extraord. Items . . . . .	51,054	60,729
22	Provision (credit) for income taxes . (Note 10) . . . . .	4,712	6,285
23	Income (Loss) Before Extraordinary Items . . . . .	46,342	54,444
24	Extraordinary items (net of income taxes - 1991, \$0; 1990, \$0) . . . . .	0	0
25	Net Income (Loss) . . . . .	\$ 46,342	\$ 54,444

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME  
For the Three Months Ended September 30, 1991 and 1990

For the Three Months Ended September 30, 1991 and 1990

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:		
1	Casino . . . . .	\$ 82,804	\$ 77,238
2	Rooms . . . . .	6,131	6,263
3	Food and beverage . . . . .	11,104	10,952
4	Other . . . . .	2,814	2,774
5	Total revenue . . . . .	102,853	97,227
6	Less: Promotional allowance . . . . (Note 7) . . .	10,630	9,930
7	Net revenue . . . . .	92,223	87,297
	Costs and Expenses:		
8	Cost of goods and services . . . . .	44,441	44,743
9	Selling, general, and administrative . . . . .	18,820	13,334
10	Provision for doubtful accounts . . . . .	753	713
11	Depreciation and amortization . . . . .	3,276	3,106
	Charges from affiliates other than interest:		
12	Management fees . . . . .	0	0
13	Other . . . . .	0	0
14	Total costs and expenses . . . . .	67,290	61,896
15	Income (Loss) from Operations . . . . .	24,933	25,401
	Other Income (Expenses):		
16	Interest (expense) - affiliates . . . . .	0	0
17	Interest (expense) - external . . . . .	( 6)	( 6)
18	Investment alternative tax and related income . . . . (expense) - net . . . . .	( 367)	( 107)
19	Nonoperating income (expense) - net . . . . .	182	155
20	Total other income (expenses) . . . . .	( 191)	42
21	Income (loss) before income taxes and extraord. items . . . . .	24,742	25,443
22	Provision (credit) for income taxes . (Note 10) . . . . .	2,336	2,395
23	Income (loss) before extraordinary items . . . . .	22,406	23,048
24	Extraordinary items (net of income taxes - 1991, \$0; 1990, \$0) . . . . .	0	0
25	Net Income (Loss) . . . . .	\$ 22,406	\$ 23,048

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Nine Months Ended September 30, 1991 and 1990

		(Unaudited)			
		(\$ in Thousands)			
LINE (a)	DESCRIPTION (b)	1991		1990	
		(c) Shares	(d) Dollars	(e) Shares	(f) Dollars
	Common Stock:				
1	Beginning balance (January 1) . . . . .		\$		\$
2	Sale of stock . . . . .				
3	_____ . . . . .				
4	Ending balance . . . . .				
	Preferred Stock:				
5	Beginning balance (January 1) . . . . .				
6	Sale of stock . . . . .				
7	_____ . . . . .				
8	Ending balance . . . . .				
	Additional Paid-in Capital:				
9	Beginning balance (January 1) . . . . .	+++++		+++++	
10	_____ . . . . .	+++++		+++++	
11	_____ . . . . .	+++++		+++++	
12	Ending balance . . . . .	+++++		+++++	
	Treasury Stock:				
13	Beginning balance (January 1) . . . . .		( )		( )
14	Purchase of additional stock . . . . .		( )		( )
15	Sale or retirement of stock . . . . .				
16	Ending balance . . . . .		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) . . . . .		( )		( )
18	_____ . . . . .				
19	_____ . . . . .				
20	Ending balance . . . . .		( )		( )
	Net Unrealized Loss on Noncurrent Marketable equity securities:				
21	Beginning balance (January 1) . . . . .	+++++	( )	+++++	( )
22	_____ . . . . .	+++++		+++++	
23	_____ . . . . .	+++++		+++++	
24	Ending balance . . . . .	+++++	( )	+++++	( )
	Retained Earnings:				
25	Beginning balance . . . . .	+++++		+++++	
26	Prior period adjustments . . . . .	+++++		+++++	
27	Net income (loss) . . . . .	+++++		+++++	
28	Dividends . . . . .	+++++	( )	+++++	( )
29	_____ . . . . .	+++++		+++++	
30	_____ . . . . .	+++++		+++++	
31	Ending balance . . . . .	+++++		+++++	
32	Ending Stockholders' Equity . . . . .	+++++	\$	+++++	\$

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

Trading Name of Licensee: HARRAH'S CASINO HOTEL, ATLANTIC CITY

**STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY**

For the Nine Months Ended September 30, 1991 and 1990

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) . . . . .	\$141,594	\$141,594
2	Additional capital invested . . . . .		
3			
4	Ending balance . . . . .	141,594	141,594
	<b>Additional Income (Loss):</b>		
5	Beginning balance (January 1) . . . . .	536,571	470,803
6	Prior period adjustments . . . . .	0	0
7	Net income (loss) . . . . .	46,342	54,444
8		0	0
9	Ending balance . . . . .	582,913	525,247
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) . . . . .	(106,738)	(106,738)
11	Additional capital withdrawals . . . . .		
12			
13	Ending balance . . . . .	(106,738)	(106,738)
	<b>Net Unrealized Loss on Noncurrent Marketable equity securities:</b>		
14	Beginning balance (January 1) . . . . .	0	0
15		0	0
16		0	0
17	Ending balance . . . . .	0	0
18	Ending Partner's or Proprietor's Equity . . . . .	\$617,769	\$560,103

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 1991 and 1990

(Unaudited)

(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) by Operating Activities . . .	\$ 63,105	\$ 59,036
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities . . . . .	0	0
3	Proceeds from the sale of short-term investment sec. . . . .	0	0
4	Purchase outflows for property and equipment . . . . .	( 14,625)	( 24,515)
5	Proceeds from disposition of property and equipment . . . . .	4,546	43
6	Purchase of casino reinvestment obligations . . . . .	( 2,203)	( 2,644)
7	Purchase of other investments and loan/advances made . . . . .	( 60,982)	( 46,439)
8	Proceeds from disposal of investments and collection of advances and long-term receivables . . . . .	1,924	10,283
9	Cash outflows to acquire business entities . . . . .		
10	_____ . . . . .		
11	_____ . . . . .		
12	Net Cash Provided (Used) by Investing Activities . . . . .	( 71,340)	( 63,272)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt . . . . .		
14	Payments to settle short-term debt . . . . .		
15	Cash proceeds from issuance of long-term debt . . . . .		
16	Costs of issuing debt . . . . .		
17	Payments to settle long-term debt . . . . .	( 68)	( 20)
18	Cash proceeds from issuing stock or capital contrib. . . . .		
19	Purchases of treasury stock . . . . .		
20	Payments of dividends or capital withdrawals . . . . .		
21	_____ . . . . .		
22	_____ . . . . .		
23	Net Cash Provided (Used) by Financing activities . . . . .	( 68)	( 20)
24	Net Increase (Decrease) in Cash and Cash Equivalents . . . . .	( 8,303)	( 4,256)
25	Cash and Cash Equivalents at Beginning of Period . . . . .	11,086	12,802
26	Cash and Cash Equivalents at End of Period . . . . .	\$ 2,783	\$ 8,546

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period for:		
27	Interest (net of amount capitalized) . . . . .	\$ 21	\$ 492
28	Income Taxes . . . . .	\$ 4,275	\$ 6,343

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 1991 and 1990

(Unaudited)

(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Net Cash Flows From Operating Activities:		
29	Net income (loss) . . . . .	\$ 46,342	\$ 54,444
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equip.	9,650	9,353
31	Amortization of other assets . . . . .	19	0
32	Amortization of debt discount or premium . . . . .		
33	Deferred income taxes - current . . . . .		
34	Deferred income taxes - noncurrent . . . . .		
35	(Gain) loss on disposition of property & equipment	( 58)	291
36	(Gain) loss on casino reinvestment obligations . .	1,050	207
37	(Gain) loss from other investment activities . . .		
38	Net (increase) Decrease in receivables and patrons' checks . . . . .	1,424	2,539
39	Net (increase) decrease in inventories . . . . .	12	( 145)
40	Net (increase) decrease in other current assets . .	( 1,248)	( 990)
41	Net (increase) decrease in other assets . . . . .	( 229)	( 253)
42	Net increase (decrease) in accounts payables . . .	41	1,122
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	2,388	( 3,357)
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	3,714	( 4,210)
45	<u>Loss on Donation of CRDA Set-Aside Funds</u> . . . .	0	35
46			
47	Net Cash Provided (Used) by Operating Activities . . .	\$ 63,105	\$ 59,036

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to property and equipment . . . . .	\$ 14,723	\$ 24,696
49	Less: capital lease obligations incurred . . . . .	98	181
50	Cash Outflows for Property and Equipment . . . . .	\$ 14,625	\$ 24,515
	Acquisition of Business Entities:		
51	Property and equipment acquired . . . . .	\$	\$
52	Goodwill acquired . . . . .		
53	Net assets acquired other than cash, goodwill, and property and equipment . . . . .		
54	Long-term debt assumed . . . . .		
55	Issuance of stock or capital invested . . . . .		
56	Cash Outflows To Acquire Business Entities . . . . .	\$	\$
	Stock Issued or Capital Contributions		
57	Total issuances of stock or capital contributions . .	\$	\$
58	Less: issuances to settle long-term debt, and . . . .		
59	Consideration in acquisition of business entities . .		
60	Cash Proceeds from Issuing Stock Or Capital Contrib . .	\$	\$

FORM CCC-305 BALANCE SHEETS				CCC-335 CASH FLOW			
LINE NO.	DESCRIPTION	BALANCES		INCREASE DECREASE	AMOUNT	LINE NO.	DIFFERENC
		CURRENT	12/31/90				
1	CASH	2,783	11,086	( 8,303)	( 8,303)	24	0
					0	2	
					0	3	
2	MARKETABLE SEC.	0	0		0		0
3	RECEIV. & PATRONS' CHECKS	8,978	10,400	( 1,422)	1,424	38	( 2)
4	INVENTORIES	2,216	2,228	( 12)	12	39	0
5	PPD. EXP. & OTHER CURRENT	2,393	1,145	1,248	( 1,248)	40	0
					( 2,203)	6	
					( 60,982)	7	
					1,924	8	
					1,050	36	
					0	37	
7	INVEST., ADVANCES & REC.	398,896	339,298	59,598	( 60,211)		613
					4,546	5	
					9,650	30	
					( 58)	35	
					( 14,723)	48	
					0	51	
8	PROPERTY & EQUIP. - NET	247,153	245,593	1,560	( 585)		( 975)
					0	16	
					19	31	
					( 229)	41	
					0	52	
9	OTHER ASSETS	1,973	3,731	( 1,758)	( 210)		1,968
11	ACCOUNTS PAYABLE	3,068	3,149	( 81)	41	42	( 122)
12	NOTES PAYABLE	0	0		0	13	
	CURRENT PORT. - L/T DEBT:				0	14	
13	DUE AFFILIATES	0	0		0	15	
14	OTHER	120	88		( 68)	17	
	LONG-TERM DEBT:				0	32	
19	DUE AFFILIATES	0	0		98	49	
20	OTHER	91	93		0	54	
					0	58	
	TOTAL	211	181	30	30		0
15	INCOME TAXES PAY. & ACC.	1,616	817		0	33	
16	OTHER ACCRUED EXP.	13,236	11,488		2,388	43	
17	OTHER CURRENT LIABILITIES	247	406				
	TOTAL	15,099	12,711	2,388	2,388		0
					0	34	
21	DEFERRED CREDITS	0	0		3,714	44	
22	OTHER LIABILITIES	28,245	26,013				
	TOTAL			2,232	3,714		(1,482)
					0	19	
					0	20	
					46,342	29	
					0	57	
25	STOCKHS.', PARTS.', EQUITY	617,769	571,427	46,342	46,342		0

MARGAN'S CASINO HOTEL, ATLANTIC CITY  
 SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY  
 BY BALANCE SHEET LINE ITEM NOT RECORDED ON STATEMENT OF CASH FLOWS

For the Quarter Ended September 30, 1991

(Unaudited)  
 (\$ in Thousands)

NOTES TO FINANCIAL STATEMENTS

Non-Cash Transactions:

<u>3</u>	Reclass of Current Portion of Note Receivable from Long-Term	\$( 2)
	Total Line 3	\$( 2)
<u>7</u>	Reclass of Investment Previously Reported as a Construction Cost	\$( 1,035)
	Capitalized Interest passed through from Parent	1,158
	Reclass of Current Portion of Note Receivable to Current Receivables	2
	Reclass Donation from Deferred	488
	Total Line 7	\$ 613
<u>8</u>	Reclass Items Previously Reported as Deferred Charges	\$( 2,456)
	Excess of Construction Retainage Released Over Retainage Withheld	122
	Capitalized Interest Passed through from Parent	( 1,158)
	Reclass of Investment Previously Reported as a Construction Cost	1,035
	Reclass Grant Money to PP&E	1,482
	Total Line 8	\$( 975)
<u>9</u>	Reclass Items Previously Reported as Deferred	\$ 2,456
	Reclass Donation from Deferred	( 488)
	Total Line 9	\$ 1,968
<u>11</u>	Excess of Construction Retainage Released Over Retainage Withheld	\$( 122)
	Total Line 11	\$( 122)
<u>22</u>	Reclass Grant Money to PP&E	\$( 1,482)
	Total Line 22	\$( 1,482)
	Grand Total	\$ 0

HARRAH'S CASINO HOTEL, ATLANTIC CITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies:

Organization - Marina Associates (The Company), doing business as Harrah's Casino Hotel, Atlantic City, operates as a general partnership. The Promus Companies, Inc., through its subsidiaries, is the sole owner of the Company.

Gaming Revenues - Gaming revenues are the net win from gaming activities and represent the difference between amounts wagered and amounts won by patrons.

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater, and hotel services furnished to patrons. The retail value of these promotional allowances is deducted to arrive at net revenues. The cost of promotional allowances is charged to operations.

Inventories - Inventories of provisions and supplies are valued at the lower of cost, weighted average, or market.

Property and Equipment - Property and equipment is carried at cost and is depreciated on the straight-line method using rates based on the following estimated useful lives:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3-10 years

The interest associated with borrowings used to finance the construction and expansion of the hotel/casino during the construction period has been capitalized and is being amortized over the estimated useful life of the complex.

When management determines that some element of property and equipment is to be disposed of, its net realizable value is estimated and a write-down is recorded if the estimated net realizable value is less than the net book value.

A valuation allowance is included as a component of accumulated depreciation.

Pre-Opening Expenses - Costs incurred prior to opening and expansion were deferred and charged to operations over a three-year period using the straight-line method.

Income Taxes - The accompanying financial statements do not include a provision for Federal income taxes, since any income or losses allocated to the partners are reportable for Federal income tax purposes by the individual partners.

In accordance with regulations prescribed by the New Jersey Casino Control Act, the Company files a State income tax return on behalf of the partners.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
 NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 2: Property and Equipment:

Property and equipment consist of the following:

	SEPTEMBER 30	
	1991	1990
	(000's)	
Land and land improvements	\$ 28,326	\$ 26,377
Buildings, leaseholds and improvements	225,630	200,873
Furniture, fixtures and equipment	63,768	60,519
Construction in progress	4,607	5,934
Equipment held under capital leases	279	181
C-I-P NE Inlet Redevelopment Project	<u>15,492</u>	<u>28,503</u>
	\$338,102	\$332,387
Less accumulated depreciation	<u>( 90,949)</u>	<u>( 82,326 )</u>
Property and equipment, net	<u>\$247,153</u>	<u>\$240,061</u>

The Northeast Inlet Redevelopment Project is an approved CRDA project sponsored by Harrah's. The project includes 130 townhomes, a retail strip center and a mid-rise apartment building. Seventy-six of the townhomes are to be sold and the balance are to be rented. Partial rental operations began in February 1991. Currently contained in the C-I-P account balance is the retail strip center and the mid-rise apartment building.

NOTE 3: Long-Term Debt:

Marina Associates has two thirty-six month leases on computer equipment. The first one, dated June 30, 1990, is payable in monthly installments of \$5,929. The second lease, dated January 1, 1991, is payable in monthly installments of \$3,259.

Long-term debt consists of the following:

	SEPTEMBER 30	
	1991	1990
	(000's)	
Capital lease obligation	\$ 211	\$ 164
Obligation due within one year	<u>( 120)</u>	<u>( 56 )</u>
	<u>\$ 91</u>	<u>\$ 108</u>

The future minimum lease payments as of September 30, 1991, were as follows:

1991	\$ 62,824
1992	110,256
1993	<u>68,753</u>
	\$241,833
Less amounts representing interest	<u>( 30,420)</u>
Total Obligations Under Capital Leases	<u>\$211,413</u>

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
 NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Investments, Advances and Receivables:

	SEPTEMBER 30	
	1991	(000's) 1990
Notes Receivable	\$ 2,377	\$ 2,402
Investment in CRDA Bonds - Net of Valuation Adj.	2,021	2,169
Reinvestment Obligation Deposits - Net of Val. Adj.	1,226	1,841
Due from Affiliates	391,494	330,579
Funds Advanced to Northeast Inlet Redevelopment		
Project to be reimbursed by a UDAG Grant	743	515
Investment in developer's component of CRDA Project	1,035	0
	\$398,896	\$337,506

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at September 30, 1991 and 1990.

	SEPTEMBER 30	
	1991	(000's) 1990
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,962
Harrah's Lake Tahoe	155	130
Embassy Suites, Inc.	372,138	311,248
Harrah's Del Rio	128	128
Bill's Casino	111	111
Total Due from Affiliates	\$391,494	\$330,579

NOTE 5: Commitments and Contingencies:

Leases - The Company has several operating leases relating to a storage warehouse, parking areas, computer equipment, transportation equipment and shoreline land. These leases have various expiration dates through 2003. Rental expenses for the nine months ended September 30, 1991 and 1990, were approximately \$1,994,668 and \$1,978,355 respectively.

Future minimum lease payments due under these leases are as follows:

1992	\$ 1,832,676
1993	895,427
1994	479,562
1995	204,000
1996	204,000
Thereafter	1,428,000
	\$ 5,043,665

The Company has entered into several long-term contracts for entertainment, marketing and laundry. The future commitments follow:

1992	\$ 2,215,939
1993	2,146,839
1994	2,146,839
1995	1,896,839
1996	1,747,044
Thereafter	5,241,132
	\$ 15,394,632

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 6: Investment Obligation:

Section 144 of the New Jersey Casino Control Act as amended in 1984 requires a casino licensee to make investments in New Jersey or pay an investment alternative tax if it fails to do so. For each of the calendar years 1979 to 1983, a casino licensee whose gross casino revenues exceed its cumulative investment (the "cumulative investment"), must either make investments in an amount equivalent to 2% of its gross casino revenues or pay an investment alternative tax in the same amount within five years of the applicable calendar year. The cumulative investment of a casino licensee includes the real property and improvement costs associated with its hotel/casino complex.

Commencing with calendar year 1984, and continuing for twenty-five years thereafter, a casino licensee must either obtain investment tax credits in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market rates from the newly created Casino Reinvestment Development Authority. In addition, commencing with obligations incurred after 1983, payments of a casino licensee's obligation must be made quarterly.

The Company has filed a petition with the Casino Reinvestment Development Authority and has received final approval for a direct investment project in Atlantic City. This project will be eligible for credit in satisfaction of the investment obligation, and the Company will not be required to continue purchasing bonds or pay the investment alternative tax. Accordingly, no liability has been recorded in the financial statements for the Atlantic City portion of the company's obligation.

The Company, in the absence of receiving approval for a direct investment project, will have to purchase bonds in order to satisfy obligations outside of Atlantic City as well as obligations of the New Jersey Development Authority for Small Business, Minorities and Women's Enterprises. At September 30, 1991, the Company has established a valuation allowance of \$259,412 to provide for the charge against operations which would be incurred at the time that these bonds were issued. The charge against operations would reflect the below market rate interest paid by the bonds.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 7: Promotional Allowances:

Promotional allowances for the nine months ended September 30, 1991, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)
Rooms	79	\$ 6,484	0	\$ 0
Food	1,325	13,253	0	0
Beverage	2,054	5,135	0	0
Travel	0	0	56	5,435
Theatre	127	2,529	0	0
Coupon Redemption of				
Cash & Tokens	0	0	1,471	18,388
Rooms Off-Premises	0	0	N/A	26
Other*	0	0	195	1,116
	<u>3,585</u>	<u>\$27,401</u>	<u>1,722</u>	<u>\$24,965</u>

Promotional allowances for the three months ended September 30, 1991, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)
Rooms	35	\$ 2,878	0	\$ 0
Food	495	4,958	0	0
Beverage	743	1,857	0	0
Travel	0	0	23	2,248
Theatre	47	937	0	0
Coupon Redemption of				
Cash & Tokens	0	0	470	5,906
Rooms Off-Premises	0	0	N/A	10
Other*	0	0	78	456
	<u>1,320</u>	<u>\$10,630</u>	<u>571</u>	<u>\$8,620</u>

\* Other comps are mainly comprised of tips, flowers, gift shop comps, phone calls, cigars, Harbour Holiday packages, and service charges for room service. For financial recording and reporting purposes, such complimentarys are combined in one expense account.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 8: Other Accrued Expenses:

Other accrued expenses consist of the following:

DESCRIPTION	<u>SEPTEMBER 30</u>	
	<u>1991</u>	(000's) <u>1990</u>
Accrued salaries and wages	\$ 6,713	\$ 7,618
Taxes payable	524	854
Other accrued expenses	3,784	4,368
Accrued progressive slot liability	1,532	1,160
Accrued CCC/DGE/Casino License fees	570	1,046
Accrued Megabucks Handle Fees	96	72
Accrued Interest L-T-D	17	0
	<u>\$ 13,236</u>	<u>\$ 15,118</u>

NOTE 9: Other Liabilities:

Other liabilities consist of the following:

DESCRIPTION	<u>SEPTEMBER 30</u>	
	<u>1991</u>	(000's) <u>1990</u>
Long Term due to Affiliates	\$ 26,212	\$ 22,389
Other Liabilities	922	538
Def Income - ACIA Grant	942	2,207
Def Income - CRDA Grant	169	0
	<u>\$ 28,245</u>	<u>\$ 25,134</u>

Due to Affiliates consist of the following unsecured, non-interest bearing inter-company amounts.

DESCRIPTION	<u>SEPTEMBER 30</u>	
	<u>1991</u>	(000's) <u>1990</u>
Due to Affiliates -		
Harrah's Holdings, Inc.	\$ 604	\$ 601
Harrah's Atlantic City, Inc.	25,186	21,378
Harrah's Reno	78	73
Harrah's Holiday Inns of NJ, Inc.	293	297
Holiday Casino, Inc.	51	40
	<u>\$ 26,212</u>	<u>\$ 22,389</u>

NOTE 10: Provision for State Income Taxes:

The Company, in accordance with regulations prescribed by the New Jersey Casino Control Act, has provided for New Jersey State tax at the statutory rate (9.375%).

NOTE 11: Savings and Retirement Plan:

An employee Savings and Retirement Plan was established on October 1, 1985. This plan covers all non-union employees who have been employed at least one year with a minimum of one thousand hours worked. The company will match employee contributions up to 6% of gross pay. A participating employee is vested in company contributions according to their years of service. The Company's contribution through the nine months ended September 30, 1991, was \$2,201,333.

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

September 30, 1991  
(Unaudited)  
(\$ in Thousands)

Accounts Receivable Balances				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patron's Checks			
	Undeposited patrons' checks	\$ 3,276		
2	Returned patrons' checks . .	7,768		
3	Total patron's checks . .	11,044	\$ 4,861	\$ 6,183
4	Hotel Receivables . . . . .	1,277	48	1,229
5	Other Receivables:			
	Receivables due from officers and employees . .	7		
6	Receivables due from affiliates . . . . .	0		
7	Other accounts and notes receivables	1,559		
8	Total other receivables .	1,566	0	1,566
9	Totals (Form 205) . . . . .	\$ 13,887	\$ 4,909	\$ 8,978

**UNDEPOSITED PATRON'S CHECKS ACTIVITY**

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) . . . . .	\$ 4,244
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .	111,044
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) . . . . .	( 73,294 )
13	Checks collected through deposits . . . . .	( 34,176 )
14	Checks transferred to returned checks . . . . .	( 4,542 )
15	Other adjustments . . . . .	0
16	Ending Balance . . . . .	\$ 3,276
17	"Hold" Checks Included in Balance on Line 16	\$ 0
18	Provision for Uncollectible Patrons' Checks	\$ 1,787
19	Provision as a Percent of Counter Checks Issued	1.6%

STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :  
County of ATLANTIC : ss

Joseph A. Domenico, being duly sworn according to law upon my oath deposes and says:

- 1. I have examined this Quarterly Report
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Handwritten signature of Joseph A. Domenico

Signature

Vice President of Finance
Title

01833-11
License Number

Subscribed and sworn to before me this 14th day of November, 1991

Handwritten signature of Mary-Jo L. Chatten

Signature

MARY-JO L. CHATTEN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 26, 1995

On Behalf Of:

Marina Associates
Casino Licensee

Basis of Authority to Take Oaths

## HOTEL STATISTICS

FOR THE <sup>9</sup> MONTHS ENDED September 30, 19<sup>91</sup>

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	760	23,560	14,686	\$ 72.80	62.3%	27,172	\$ 39.34
FEBRUARY	760	21,280	17,033	\$ 70.29	80.0%	32,910	\$ 36.38
MARCH	760	23,560	20,043	\$ 66.64	85.1%	38,206	\$ 34.96
1ST QUARTER TOTALS		68,400	51,762	\$ 69.59	75.7%	98,288	\$ 36.65
APRIL	760	22,800	20,274	\$ 65.38	88.9%	38,280	\$ 34.63
MAY	760	23,560	20,009	\$ 67.89	84.9%	38,207	\$ 35.55
JUNE	760	22,800	21,986	\$ 69.07	96.4%	40,669	\$ 37.34
2ND QUARTER TOTALS		69,160	62,269	\$ 67.49	90.0%	117,156	\$ 35.87
JULY	760	23,560	21,049	\$ 103.61	89.3%	40,271	\$ 54.15
AUGUST	760	23,560	22,282	\$ 103.56	94.6%	43,374	\$ 53.20
SEPTEMBER	760	22,800	18,321	\$ 91.11	80.4%	35,302	\$ 47.29
3RD QUARTER TOTALS		69,920	61,652	\$ 99.88	88.2%	118,947	\$ 51.77
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS			"	\$	%		\$

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# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

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185 W. STATE ST.  
TRENTON, N.J.

**LICENSEE** RESORTS INTERNATIONAL HOTEL, INC.

**ADDRESS** NORTH CAROLINA AVENUE & THE BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

**FOR THE QUARTER ENDED** SEPTEMBER 30, **19**91

**TO THE**  
**CASINO CONTROL COMMISSION**  
**OF THE**  
**STATE OF NEW JERSEY**



RECEIVED  
NEW JERSEY  
NOV 15 1991  
CASINO CONTROL COMMISSION

**NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . .** JOHN R. SPINA

**OFFICIAL TITLE. . . . .** CORPORATE VICE PRESIDENT

**ADDRESS . . . . .** NORTH CAROLINA AVENUE & BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE MERV GRIFFIN'S RESORTS CASINO HOTEL

(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

LINE NO.	DESCRIPTION	(c) 1991	(d) 1990
	TITLE		
	<b>ASSETS</b>		
	<b>FORM NO.</b>		
	Balance Sheets	CCC-205	
	Statements of Income (Year to Date)	CCC-210	
	Statements of Income (Three Months)	CCC-215	
	Statements of Changes in Stockholders' Equity	CCC-220	
	Statements of Changes in Partners' or Proprietor's Equity	CCC-225	
	<b>LIABILITIES AND EQUITY</b>		
	Statements of Cash Flows	CCC-235	
	Notes to Financial Statements		
	Schedule of Receivables and Patrons' Checks	CCC-240	
	Statement of Conformity and Accuracy	CCC-250	
	Liabilities and equity	CCC-201	

2/87

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

CCC-201

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

BALANCE SHEETS

SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>ASSETS</b>		
	<b>Current Assets:</b>		
1	Cash .....	\$ 11,850	\$ 8,607
2	Marketable securities (Short-term Money Market At Cost) .....	5,001	26,968
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$6,967; 1990, \$5,621) (Note 2) .....	60,455	62,357
4	Inventories .....	1,412	1,872
5	Prepaid expenses and other current assets .....	2,343	3,331
6	Total current assets .....	81,061	103,135
7	Investments, Advances, And Receivables .....	5,796	4,721
8	Property And Equipment - Net ....(Note 4).....	147,458	136,170
9	Other Assets ....(Note 5).....	188	366
10	Total Assets .....	<u>\$234,503</u>	<u>\$244,392</u>
	<b>LIABILITIES AND EQUITY</b>		
	<b>Current Liabilities:</b>		
11	Accounts Payable .....	\$ 2,169	\$ 86,973
12	Notes Payable .....		
	Current portion of long-term debt: (Note 7)		
13	Due to affiliates .....		
14	Other .....	1,345	1,616
15	Income taxes payable and accrued (Note 13).....		
16	Other accrued expenses (Note 6).....	17,887	20,777
17	Other current liabilities .(Note 3).....	67,647	6,163
18	Total current liabilities .....	89,048	115,529
	<b>Long-Term Debt: (Note 7)</b>		
19	Due to affiliates .....	325,000	325,000
20	Other .....	1,456	1,806
21	Deferred Credits ....(Note 15).....	568	546
22	Other Liabilities .....		
23	Commitments and Contingencies (Note 14) .....		
24	Total Liabilities.....	416,072	442,881
25	Stockholders', Partners', or Proprietor's Equity .....	(181,569)	(198,489)
26	Total Liabilities and equity .....	<u>\$234,503</u>	<u>\$244,392</u>

1/89

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

CCC-205

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:		
1	Casino .....	\$171,081	\$158,816
2	Rooms .....	11,533	12,404
3	Food and beverage .....	24,019	22,588
4	Other .....	5,046	7,746
5	Total revenue .....	211,679	201,554
6	Less: promotional allowances ....(Note 8).....	18,664	20,456
7	Net revenue .....	193,015	181,098
	Costs And Expenses:		
8	Cost of goods and services .....	119,677	118,992
9	Selling, general, and administrative .....	38,475	33,780
10	Provision for doubtful accounts .....	2,696	1,510
11	Depreciation and amortization .....	6,819	11,452
	Charges from affiliates other than interest: .....		
12	Management fees .....(Note 10).....	6,311	3,600
13	Other .....(Note 10).....	2,066	3,424
14	Total costs and expenses	176,044	172,758
15	Income (Loss) From Operations	16,971	8,340
	Other Income (Expense):		
16	Interest (expense) - affiliates ....(Note 10).....		( 2,437)
17	Interest expense - external .....	( 438)	( 367)
18	Investment alternative tax and related inc.(exp) .....	( 1,244)	( 1,128)
19	Nonoperating income (expense) - net ...(Note 11).....	5,145	( 179,197)
20	Total other income (expenses)	3,463	( 183,129)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	20,434	( 174,789)
22	Provision (Credit) for income taxes ...(Note 13).....	8,174	
23	Income (Loss) Before Extraordinary Items .....	12,260	( 174,789)
24	Extraordinary Items (net of income taxes - 1991, \$ <u>NONE</u> ; 1990, \$ <u>NONE</u> ) .....		( 17,335)
25	Net Income (Loss) .....	12,260	(\$192,124)

1/89

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

CCC-210

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:		
1	Casino .....	\$ 65,348	\$ 61,188
2	Rooms .....	4,680	4,888
3	Food and beverage .....	9,131	8,927
4	Other .....	1,911	3,031
5	Total revenue .....	81,070	78,034
6	Less: promotional allowances ....(Note 8).....	7,253	7,921
7	Net revenue .....	73,817	70,113
	Costs And Expenses:		
8	Cost of goods and services .....	41,762	42,116
9	Selling, general, and administrative .....	12,327	12,079
10	Provision for doubtful accounts .....	648	645
	Depreciation and amortization .....	2,271	3,282
	Charges from affiliates other than interest: .....		
12	Management fees ....(Note 10).....	2,415	1,200
13	Other ....(Note 10).....	1,815	347
14	Total costs and expenses	61,238	59,669
15	Income (Loss) From Operations	12,579	10,444
	Other Income (Expense):		
16	Interest (expense) - affiliates..(Note 10).....		( 2,437)
17	Interest expense - external .....	( 144)	( 311)
18	Investment alternative tax and related inc.(exp).....	( 449)	( 428)
19	Nonoperating income (expense) - net ... (Note 11).....	1,816	( 179,042)
20	Total other income (expenses)	1,223	( 182,218)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	13,802	( 171,774)
22	Provision (Credit) for income taxes ... (Note 13).....	5,521	
23	Income (Loss) Before Extraordinary Items .....	8,281	( 171,774)
24	Extraordinary Items (net of income taxes - 1991, \$ <u>NONE</u> ; 1990, \$ <u>NONE</u> ) .....		( 17,335)
25	Net Income (Loss) .....	\$ 8,281	(\$189,109)

1/89

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

CCC-215

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1991		1990	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1) ....	100		100	
2	Sale of stock .....				
3					
4	Ending balance .....	100		100	
	Preferred Stock:				
5	Beginning balance (January 1) ....				
6	Sale of stock .....				
7					
8	Ending balance .....				
	Additional Paid-In Capital:	+++++		+++++	
9	Beginning balance (January 1) ....	+++++	(198,829)	+++++	180,030
10	Reorganization - Reclass of R.E.	+++++		+++++	(343,859)
11	Cancellation of N/R Griffin Co.	+++++		+++++	( 35,000)
12	Ending balance .....	+++++	(198,829)	+++++	(198,829)
	Treasury Stock:				
13	Beginning balance (January 1) ....				
14	Purchase of additional stock ...				
15	Sale or retirement of stock ....				
16	Ending balance .....				
	Note Receivable for Capital Stock From Griffin Company				
17	Beginning balance (January 1) ....				( 35,000)
18	Cancellation of N/R Griffin Co.				35,000
19					
20	Ending balance .....				0
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:	+++++		+++++	
21	Beginning balance (January 1) ....	+++++		+++++	
22		+++++		+++++	
23		+++++		+++++	
24	Ending balance .....	+++++		+++++	
	Retained Earnings:	+++++		+++++	
25	Beginning balance (January 1) ....	+++++	5,000	+++++	(151,395)
26	Prior period adjustments .....	+++++		+++++	
27	Net income (loss) .....	+++++	12,260	+++++	(192,464)
28	Dividends .....	+++++		+++++	
29	Reclass of R.E. at 8/31 .....	+++++		+++++	343,859
30	Net Income from 8/31 .....	+++++		+++++	340
31	Ending balance .....	+++++	17,260	+++++	340
32	Ending Stockholders' Equity .....	+++++	\$(181,569)	+++++	\$(198,489)

4/86

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

CCC-220

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) .....	\$	\$
2	Additional capital invested .....		
3	.....		
4	Ending balance .....		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	.....		
9	Ending balance .....		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) .....	( )	( )
11	Additional capital withdrawals .....	( )	( )
12	.....		
13	Ending balance .....	( )	( )
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) .....		
15	.....		
16	.....		
17	Ending balance .....		
18	Ending Partners' Or Proprietor's Equity .....	\$	\$

NOT APPLICABLE

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) by Operating Activities .....	\$ 19,413	\$ 20,952
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities .....		
3	Proceeds from the sale of short-term investment securities .....		
4	Cash outflows for property and equipment .....	( 15,293)	( 21,050)
5	Proceeds from disposition of property and equipment .....	68	62
6	Purchase of casino reinvestment obligations .....	( 2,095)	( 1,926)
7	Purchase of other investments and loans/advances made ....		
8	Proceeds from disposal of investments and collections of advances and long-term receivables .....		
9	Cash outflows to acquire business entities .....		
10	Investment in Subsidiary .....	5	( 40)
11	Proceeds from/Payments to Affiliate .....	1,763	25,317
12	Net Cash Provided (Used) By Investing Activities .....	( 15,552)	2,363
	Cash Flows From Financing Activities		
13	Cash proceeds from issuance of short-term debt .....		1,134
14	Payments to settle short-term debt .....	( 261)	
15	Cash proceeds from issuance of long-term debt .....		84
16	Costs of issuing debt .....		
17	Payments to settle long-term-debt .....	( 846)	
18	Cash proceeds from issuing stock or capital contributions.		
19	Purchases of treasury stock .....		
20	Payments of dividends or capital withdrawals .....		
21	.....		
22	.....		
23	Net Cash Provided (Used) By Financing Activities .....	( 1,107)	1,218
24	Net Increase (Decrease) in Cash And Cash Equivalents .....	2,754	24,533
25	Cash And Cash Equivalents At Beginning Of Period .....	14,097	11,042
26	Cash And Cash Equivalents At End Of Period.....	\$ 16,851	\$ 35,575

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized) .....	\$	\$ 5,916
28	Income taxes .....	\$	\$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss) .....	\$ 12,260	\$(192,124)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment .....	6,816	11,199
31	Amortization of other assets .....	3	253
32	Amortization of debt discount or premium .....		
33	Deferred income taxes - current .....		
34	Deferred income taxes - noncurrent .....		
35	(Gain) loss on disposition of property and equipment ...	265	177
36	(Gain) loss on casino reinvestment obligations .....	1,244	1,128
37	(Gain) loss from other investment activities .....		85
38	Net (increase) decrease in receivables and patrons' checks .....	( 1,575)	( 1,436)
39	Net (increase) decrease in inventories .....	337	301
40	Net (increase) decrease in other current assets .....	628	( 1,285)
41	Net (increase) decrease in other assets .....	118	774
42	Net increase (decrease) in accounts payable .....	( 1,897)	82,233
43	Net increase (decrease) in other current liabilities excluding debt .....	1,187	6,208
44	Net increase (decrease) in other noncurrent liabilities excluding debt .....	27	( 67,752)
45	Other (Note 16) .....		181,191
46			
47	<b>Net Cash Provided (Used) By Operating Activities .....</b>	<b>\$ 19,413</b>	<b>\$ 20,952</b>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment .....	(\$16,370)	\$ (24,092)
49	Less: Capital lease obligations incurred .....	1,077	3,042
50	<b>Cash Outflows For Property And Equipment .....</b>	<b>(\$15,293)</b>	<b>\$(21,050)</b>
	<b>Acquisition Of Business Entities:</b>		
51	Property and equipment acquired .....	\$	\$
52	Goodwill acquired .....		
53	Net assets acquired other than cash, goodwill, and property and equipment .....		
54	Long-term debt assumed .....		
55	Issuance of stock or capital invested .....		
56	<b>Cash Outflows To Acquire Business Entities .....</b>	<b>\$</b>	<b>\$</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions .....	\$	\$
58	Less: Issuances to settle long-term debt .....		
59	Consideration in acquisition of business entities ..		
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions ..</b>	<b>\$</b>	<b>\$</b>

MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements, which are unaudited, include the operations of Resorts International Hotel, Inc. ("RIH") and its subsidiaries. Resorts International Hotel, Inc. ("RIH"), a wholly owned subsidiary of Resorts International, Inc. ("RII"), owns and operates Merv Griffin's Resorts Casino Hotel ("Resorts Casino Hotel"), a casino/hotel complex located in Atlantic City, New Jersey.

While the accompanying financial information is unaudited, management of RIH believes that all adjustments necessary for a fair presentation of these financial statements have been made and all such adjustments are of a normal recurring nature.

Basis of Presentation

During 1989, RII and certain of its subsidiaries (the "Debtors") filed voluntary petitions or consented to involuntary petitions for relief under Chapter 11 of Title 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code"). On April 16, 1990 the Debtors filed the First Amended Joint Plan of Reorganization and a disclosure statement under Section 1125 of the Bankruptcy Code. After notice and a hearing, this filing was amended as of May 31, 1990. By order dated as of June 14, 1990, the Bankruptcy Court approved the revised disclosure statement allowing the Debtors to solicit approval from their creditors of the Second Amended Joint Plan of Reorganization dated as of May 31, 1990 (the "Plan"). On August 28, 1990 the Bankruptcy Court entered an order confirming the Plan and on September 17, 1990 (the "Effective Date"), all conditions to effectiveness of the Plan were either met or waived and the Plan became effective.

Under the Plan, all previously outstanding debt securities of the Debtors were cancelled and exchanged for new debt and equity securities of RII. Also pursuant to the Plan, all previously outstanding shares of stock of RII were cancelled. As a result of these and other transactions prescribed in the Plan, Merv Griffin, who prior to the reorganization indirectly owned 100% of RII, owned 22% of RII as of October 1, 1990, the initial distribution date of the new securities.

RII accounted for the reorganization using "fresh start" accounting. Accordingly, all assets and liabilities of RII and its subsidiaries were restated to reflect their estimated fair values and the accumulated deficit was eliminated. Although the confirmation date was August 28, 1990, RIH has recorded the effects of the reorganization as of August 31, 1990.

RIH recorded a charge from the write off of the remaining balance of \$17,335,000 of deferred debt issuance costs related to certain old debt securities of the Debtors that were cancelled pursuant to the Plan. This write off had been reported as an extraordinary item.

RIH also recorded affiliated bad debt write offs of \$98,983,000 comprised of \$63,983,000, the net amount of intercompany receivables from the Debtors cancelled pursuant to the Plan, and a \$35,000,000 note receivable from Griffco Resorts Holding, Inc. ("Griffco"), RII's parent, which was also cancelled pursuant to the Plan.

The reevaluation of RIH's other assets and liabilities, which was based on independent appraisals, discounted cash flows, evaluations, estimations, and other studies, resulted in a net loss of \$108,588,000, with the following components:

(In Thousands of Dollars)

---

Decrease in working capital	\$ 8,355
Decrease in property and equipment	99,849
Decrease in deferred charges and other assets	384
	<u>\$108,588</u>

---

#### Principles of Consolidation

The consolidated financial statements include the accounts of RIH and its subsidiaries except for one insignificant wholly owned subsidiary which is accounted for on the equity basis of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

#### Revenue Recognition

RIH records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theatre ticket sales are recognized at the time the related service is performed.

#### Promotional Allowances

Gross revenues include the retail value of complimentary rooms, food, beverage and other hotel services furnished to casino patrons. The retail value of these complimentary services is deducted as a promotional allowance to arrive at net revenues. The cost of complimentary services is charged to cost of goods and services and selling, general and administrative.

#### Cash Equivalents

RIH considers all of its short-term money market securities which have maturities of three months or less to be cash equivalents.

Inventories

Inventories of provisions, supplies and spare parts are carried at the lower of cost (first-in, first-out) or market.

Property and Equipment

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows: land improvements, 12 - 20 years; buildings and improvements, 24-30 years; furniture and equipment, 2-7 years.

Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), RIH is obligated to purchase CRDA bonds, which will bear a below market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds.

The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

Debt Issuance Costs

Deferred debt issuance costs are amortized to expense using the bonds-outstanding method.

Income Taxes

For the year 1989, RII and its domestic subsidiaries, including RIH, filed a consolidated federal income tax return with Griffco. On the Effective Date, Griffco was merged with and into a subsidiary of RII. For tax years beginning 1990, RIH and RII's other domestic subsidiaries will file consolidated federal income tax returns with RII.

RIH provides income taxes based on the liability method prescribed in Statement of Financial Accounting Standards No. 96.

Prior to the re-evaluation at August 31, 1990 RIH's deferred tax liability was transferred to RII.

CRDA Bond Disc.	5,000	21,000
Deferred Revenue	200	200
Deferred Wages	400	600
Deferred Taxes	30	170
Other Current Liabilities	30	30
CRDA Bond Obligation	200	200
Deferred Wage Liability	40	70
	5,870	23,270

NOTE 2 - RECEIVABLES AND PATRONS' CHECKS

Components of receivables at September 30 were as follows:

(In Thousand of Dollars)

	<u>1991</u>	<u>1990</u>
Gaming	\$13,549	\$12,814
Less allowance for doubtful accounts	<u>(6,600)</u>	<u>(5,333)</u>
	6,949	7,481
Non-gaming		
Hotel and related	642	1,866
Other	<u>418</u>	<u>485</u>
	1,060	2,351
Less allowance for doubtful accounts	<u>(367)</u>	<u>(288)</u>
	693	2,063
Receivables due from affiliates	<u>52,813</u>	<u>52,813</u>
	<u>\$60,455</u>	<u>\$62,357</u>

In 1988, RIH loaned \$50,000,000 pursuant to a pre-arranged back-to-back loan to Resorts International (Bahamas) 1984 Limited ("RIB"), an indirect wholly-owned subsidiary of RII, in exchange for a promissory note. Such note is payable on demand and bears interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. The note is guaranteed by certain of RIB's subsidiaries. The guarantees are secured by mortgages on the Paradise Island Resort & Casino, the Ocean Club Golf & Tennis Resort, and the Paradise Beach Resort on Paradise Island in The Bahamas, and all furniture, machinery and equipment used in connection therewith. The RIB promissory note and the mortgages securing payment thereof have been assigned as part of the collateral for new debt securities issued by RII pursuant to the Plan. See Note 7.

NOTE 3 - OTHER CURRENT LIABILITIES

Components of other current liabilities at September 30, were as follows:

(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
I/C R.I.I.	\$60,355	
CRDA Bond Disc.	5,000	\$5,000
Customer Deposit Liability	250	252
Chip Liability	820	830
Deferred Revenue	52	177
Tenant Deposits	39	342
Slot Token Liability	224	294
CRDA Bond Obligation	805	713
Unclaimed Wage Liability	41	13
Other	<u>61</u>	<u>(1,458)</u>
	<u>\$67,647</u>	<u>\$6,163</u>

**NOTE 4 - PROPERTY AND EQUIPMENT - NET**

Property and equipment at September 30, are summarized as follows:

(In Thousands of Dollars)

	1991	1990
Land and land rights	\$ 53,250	\$ 53,250
Land improvements	82	82
Hotel and other buildings	77,980	69,149
Furniture, machinery and equipment	22,462	11,515
Construction in progress	2,444	2,605
	156,218	136,649
Less Accumulated depreciation	(8,760)	( 431)
	<u>\$147,458</u>	<u>\$136,170</u>

Substantially all of RIH's property and equipment has been pledged as collateral for new debt securities issued by RII pursuant to the Plan. See Note 7.

**NOTE 5 - OTHER ASSETS**

Components of other assets at September 30, were as follows:

(In Thousands of Dollars)

	1991	1990
Deposits	\$ 188	361
Other	5	5
	<u>\$ 188</u>	<u>\$ 366</u>

Griffin Resorts, Inc. ("GRI"), a subsidiary of RII and one of the issuers, issued \$325,000,000 principal amount of notes (the "Securities"). RIH advanced the proceeds of the Securities to GRI in exchange for (i) two promissory notes payable to GRI, which GRI, in turn, pledged to the issuer for the Securities; (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by GRI, and a first priority security interest in the personal property of GRI granted to the Collateral Agent for the Securities; and (iii) the assignment of GRI's promissory note for \$100,000,000 and mortgage securing such note (see Note 2). RIH paid the advance costs of the Securities which amounted to \$25,000,000. The promissory notes issued by RIH were written to mirror the terms of GRI's

**NOTE 6 - OTHER ACCRUED EXPENSES**

Components of other accrued expenses at September 30, were as follows:

(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Interest Payable to Affiliate		\$2,437
Accrued payroll and related taxes and benefits	\$ 9,364	7,369
Progressive slot liability	3,340	3,579
Litigation reserve	2,546	2,179
Accrued gaming taxes, fees and related assessments	580	662
Professional fees	605	224
Utilities	570	496
Advertising	350	
Various taxes	237	315
Insurance Reserve		1,193
Other	<u>295</u>	<u>2,323</u>
	<u>\$17,887</u>	<u>\$20,777</u>

**NOTE 7 - LONG-TERM DEBT**

Components of long-term debt at September 30, were as follows:

(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Due to affiliates:		
13 7/8% note payable to affiliate	\$200,000	\$200,000
13 1/2% note payable to affiliate	<u>125,000</u>	<u>125,000</u>
	<u>\$325,000</u>	<u>\$325,000</u>
Other:		
Capitalize lease obligations (Notes 7a)	2,800	\$ 3,422
Less - Current portion	<u>\$1,345</u>	<u>1,616</u>
	<u>\$1,456</u>	<u>\$ 1,806</u>

In 1988, Griffin Resorts Inc. ("GRI"), a subsidiary of RII and one of the Debtors, issued \$325,000,000 principal amount of notes (the "Securities"). GRI loaned the proceeds of the Securities to RIH in exchange for (i) two promissory notes payable to GRI, which GRI, in turn, pledged to the Trustees for the Securities; (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by RIH, and a first priority security interest in the personal property of RIH granted to the Collateral Agent for the Securities; and (iii) the assignment of RIB's promissory note for \$50,000,000 and mortgage securing such note (see Note 2). RIH paid the issuance costs of the Securities which amounted to \$20,300,000. The promissory notes issued by RIH were written to mirror the terms of GRI's

publicly held notes with the intent that RIH pay interest to GRI on GRI's interest payment dates so that GRI would have cash available to make its interest payments to the public on those dates. Thus, with the announcement of the interest moratorium on GRI's notes in August 1989, RIH also ceased the payment of interest on its notes to GRI. Accordingly, accrued interest on these notes at September 30, 1990 is reflected in long-term, rather than current, liabilities.

Also, as of December 31, 1989, GRI stopped accruing interest on the Securities as the sum of accrued interest and principal on that secured indebtedness at that date approached the estimated liquidation value of the underlying collateral. Thus, RIH stopped accruing interest on its notes to GRI and stopped amortizing the deferred debt issuance costs associated with the Securities as of that date.

Pursuant to the Plan, the Securities were cancelled. RIH's notes payable to GRI were not cancelled; their terms were modified and such amended notes were pledged as collateral for certain new debt securities issued by RII. These amended notes are payable on demand after April 15, 1994, bear interest at 9% and permit RIH to satisfy such interest by increasing the principal amounts of the notes, in lieu of in cash. The purpose of these notes is to collateralize RII's new debt securities and RII, GRI and RIH do not intend for RIH to repay these intercompany notes in the normal course of business. RIH has not accrued interest from September 1, 1990 as the notes are in the process of being further amended to become non-interest bearing effective September 1, 1990 and to provide for annual increases to their collateral value, only if called. Accordingly, the Company is contingently liable for such increases in collateral value, if ultimately required, which at September 30, 1991 amounted to \$31,687,500.

As of April 15, 1994, the collateral value of the notes would increase to \$446,150,000. In accordance with "fresh start" accounting as of August 31, 1990 RIH's assets were restated to their estimated fair values. See Note 4 for a summary of RIH's property and equipment balances.

The indentures for RII's new debt securities restrict RIH from the incurrence of additional indebtedness, with certain exceptions.

Minimum principal payments of long-term debt other outstanding as of September 30, 1991 are as follows:

(In Thousands of Dollars)

1991	\$ 417
1992	955
1993	612
1994	701
1995	77
1996	39
Total	<u>\$2,801</u>

**NOTE 7a - LEASES**

RIH is the lessee of computer equipment, slot machines and printing equipment under capital leases expiring in various years through 1996. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their useful lives or their related lease terms.

Property debt under capital leases at September 30, are summarized as follows:

(In Thousands of Dollars)

Computer equipment	\$1,705
Slot Machines	873
Printing equipment	190
Lighting equipment	32
Accum Depreciation	<u>(440)</u>
Capital Leases Net	<u>\$2,360</u>

Interest rates on capital leases vary from 13.7% to 33.3%.

**NOTE 8 - PROMOTIONAL ALLOWANCES AND PROMOTIONAL EXPENSES**

Components of promotional allowances and promotional expenses for the three months ended September 30, 1991 were as follows:

(In Thousands of Dollars)

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>
Rooms	31	\$2,197		
Food	307	3,069		
Beverage	141	565		
Travel			5	\$ 506
Coupon redemption:				
Cash			492	4,931
Food	14	180		
Food Air	107	533		
Admissions	53	632		
Retail	1	63		
Junket Air			12	460
Casino Caravan Fees			15	44
Charter Market Expense			39	156
Other	<u>1</u>	<u>14</u>	<u>5</u>	<u>318</u>
Totals	<u>655</u>	<u>\$7,253</u>	<u>568</u>	<u>\$6,415</u>

Components of promotional allowances and promotional expenses for the nine months ended September 30, 1991 were as follows:

(In Thousands of Dollars)

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	NUMBER OF RECIPIENTS	AMOUNT	NUMBER OF RECIPIENTS	AMOUNT
Rooms	78	\$ 5,449		
Food	668	8,037		
Beverage	432	1,574		
Travel			35	\$ 1,434
Coupon redemption:				
Cash			1,531	14,945
Food	48	471		
Food Air	177	1,134		
Admissions	199	1,762		
Retail	6	197		
Junket Air			24	926
Casino Caravan Fees			34	129
Charter Market Expense			89	353
Other	14	40	28	959
Totals	<u>1,622</u>	<u>\$18,664</u>	<u>1,741</u>	<u>\$18,746</u>

ASSOCIATED COMPANY	TRANSACTIONS	1991	1990
Delta Air Lines, Inc.	Interest Charges		\$2,131
Delta International, Inc.	Management fee	\$5,311	21,500
Delta International, Inc.	Inclusive	\$1,941	
	Property Rental		\$ 756
	Other		1,152
		1,941	1,152
Delta International, Inc.	Security fee		24
Delta Air Lines, Inc.	Aircraft rentals		175
Delta Air Lines, Inc.	Flights	120	100
Delta Air Lines, Inc.	Sales office expenses		20
Delta Air Lines, Inc.	Parking fees	11	1,261
Delta Air Lines, Inc.	Line Services		174
Delta Air Lines, Inc.	Flights	14	20
		\$1,941	\$2,131

NOTE 9 - SAVINGS AND PENSION PLANS

RIH has a defined contribution plan (the "Plan"), in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in the Plan. Under the Plan, eligible participating employees may contribute up to a total of 4% of their annual cash compensation as a basic contribution and may also elect to contribute up to an additional 10% as a voluntary contribution. RIH and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions and, on a discretionary basis, may match an additional amount of employee contributions. RIH's contributions under the Plan were approximately \$481,441 and \$362,212 for the year ended September 30, 1991 and 1990, respectively.

Union employees are covered by various multi-employer pension plans to which contributions are made by RIH and other unrelated employers. Contributions by RIH were approximately \$544,247 and \$481,225 for the nine months ended September 30, 1991 and 1990, respectively.

NOTE 10 - CHARGES FROM AFFILIATES

RIH has recorded the following expenses at September 30, from RII and other affiliates:

(In Thousands of Dollars)

<u>AFFILIATED COMPANY</u>	<u>TRANSACTION</u>	<u>1991</u>	<u>1990</u>
Griffin Resorts, Inc.	Interest Charges		<u>\$2,437</u>
Resorts International, Inc.	Management fee	<u>\$6,311</u>	<u>\$3,600</u>
Resorts International, Inc.	Insurance	\$1,911	
	Property Rental		\$ 256
	Other		<u>1,143</u>
		<u>1,911</u>	<u>1,399</u>
International Intelligence, Inc.	Security fees		54
ANTL, Inc.	Aircraft rentals		135
PIVI	Flights	130	120
Resorts of New York, Inc.	Sales office expenses		30
Steeplechase Transport and Parking, Inc.	Parking fees	11	1,262
Trams Atlantic, Inc	Limo Services		374
Chalk's Airline	Flights	14	50
		<u>\$2,066</u>	<u>\$3,424</u>

NOTE 11 - NONOPERATING INCOME(EXPENSE), NET

Components of nonoperation income(expense), net at September 30, were as follows:

(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Interest income	\$592	\$1,296
Interest income from affiliates	5,063	4,987
Corporate office expense	( 167)	( 440)
Restructuring/ refinancing costs		(119,803)
Non-operating rent/taxes		( 880)
Donated CRDA deposits		( 374)
Affiliated bad debt write offs		(63, 983)
Gain(loss) on fixed assets	( 265)	
Other	( 78)	
	<u>\$ 5,145</u>	<u>\$(179,197)</u>

NOTE 12 - DIVIDENDS AND OTHER RESTRICTED TRANSACTIONS

Dividends

For periods subsequent to November 14, 1988, the declaration and payment of dividends (other than stock dividends) by RIH are restricted by the indentures for the Securities. As of December 31, 1990, due to these restrictions, no funds were available for dividends or other restricted payments.

Other Restricted Transactions

Pursuant to the indentures for the Securities neither Griffin Resorts, RIH nor any of their respective subsidiaries may (i) sell, lease, transfer or otherwise dispose of any of its properties, assets or securities to, (ii) purchase any property, assets or securities from, (iii) make any investment in or, (iv) enter into any contract or agreement with or for the benefit of any affiliates of any of them (other than Griffin Resorts, RIH or any such subsidiary in which no affiliate (other than Griffin Resorts, RIH or another such wholly owned subsidiary) owns, directly or indirectly, any equity interest) (an "Affiliate transaction"), other than (a) loans to Griffin Co. by Griffin Resorts and RIH respectively, promptly following the issuance of the Securities, which shall not in the aggregate exceed \$50,000,000 less the consolidated cash balances of RII and its subsidiaries (other than Griffin Resorts, RIH and their subsidiaries) on the date of such loans plus \$3,000,000 and the forgiveness or cancellation of such loans and the notes relating thereto, (b) a loan to Griffin Co. by Griffin Resorts or the Company on or after January 1, 1989 in an amount not exceeding \$25,000,000 backed by a \$25,000,000 letter of credit to be pledged as Collateral for the Securities, provided, that no default or event of default shall have occurred and be continuing and the forgiveness or cancellation of such loans and the note relating thereto on or after November 15, 1992, and (c) Affiliate Transactions pursuant to a management agreement and the Tax Sharing Agreement entered into among Griffin Co.,

RII, Griffin Resorts, RIH, and certain other subsidiaries of RII, as in effect on the date of the indentures and certain other permitted Affiliate Transactions.

The management agreement referred to in (c) above provides for an annual management services fee from RIH, Griffin Resorts and their subsidiaries to RII of \$16,000,000 and certain other permitted advances.

Notwithstanding the restrictions described above, RIH may make loans to Griffin Resorts, and Griffin Resorts may make loans or advances to RII to the extent required to provide RII and RII's subsidiaries (other than Griffin Resorts, RIH and their respective subsidiaries) with sufficient funds to satisfy the obligations on their indebtedness outstanding as of the date the Securities were issued (and any indebtedness issued in exchange therefore ("Exchange Debt")); provided that, at the time of such loan or advance, no indebtedness of RII or any of its subsidiaries shall have been accelerated prior to its stated maturity; and provided, further, that in the case of Exchange Debt, such Exchange Debt does not have scheduled principal payments due on or prior to November 1, 1996 in any amounts which are greater than, or which occur sooner than, any such scheduled principal payments due on or prior to November 1, 1996 on the indebtedness in exchange for which such Exchange Debt is issued.

#### NOTE 13 - INCOME TAXES

For federal tax purposes RIH has net operating loss carryforwards of approximately \$92,000,000 at September 30, 1991, which expire in 2005. The reorganization resulted in a change in ownership of the consolidated group of which RIH is a part. Therefore all of these loss carryforwards are limited in their availability to offset future taxable income. The resulting liability is settled on a current basis.

Commencing in 1991, RIH has agreed with RII that it will provide for federal and state income taxes using a combined rate of 40%. Material transactions which would be subject to combined tax rates that are significantly different from the 40% rate will be separately tax effected. The resulting liability is settled on a current basis.

#### NOTE 14 - CONTINGENCY

##### CRDA

The Casino Control Act, as originally adopted, required a licensee to make investments equal to 2% of the licensee's net casino win (as defined under the Casino Control Act) (the "investment obligation") for each calendar year, commencing in 1979, in which such net casino win exceeded its "cumulative investments" (as defined in the Casino Control Act). A licensee had five years from the end of each calendar year to satisfy this investment obligation or become liable for an "alternative tax" in the same amount. In 1984, the New Jersey legislature amended the Casino Control Act so that these provisions now apply only to investment obligations for the years 1979 through 1983.

Effective for 1984 and subsequent years, the amended Casino Control Act requires a licensee to satisfy its investment obligation by purchasing bonds to be issued by the CRDA, or by making other investments authorize by the CRDA, in an amount equal to 1.25% of a licensee's net casino win.

If the investment obligation is not satisfied, then the licensee will be subject to an investment alternative tax of 2.5% of net casino win. Since 1985, a licensee has been required to make quarterly deposits with the CRDA against its current year investment obligation.

Discounts charged to operations were \$1,244,000 and \$1,128,000 for the year ended September 30, 1991 and 1990, respectively.

An analysis of RIH's investment obligations under the Casino Control Act and RIH's means of settlement since 1979 follows:

(In Thousands of Dollars)

	<u>1979-1983</u>	<u>1984-1990</u>	<u>1991</u>	<u>TOTAL</u>
Investment obligations	\$(21,637)	\$(20,482)	(\$2,103)	\$(44,222)
Means of settlement:				
Housing related investments under audit	13,104			13,104
Housing related investments previously approved	1,000			1,000
CRDA deposits/bond purchases	<u>7,533</u>	<u>20,482</u>	<u>1,298</u>	<u>29,313</u>
Remaining investment obligation at September 30, 1991 which was deposited in October 1991	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$( 805)</u>	<u>\$( 805)</u>

With regard to the housing related investments under audit, in January 1988, the CRDA notified RIH of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from RIH's and if found to be correct would decrease the amount of RIH's qualifying expenditures by approximately \$5,000,000 to \$6,000,000. RIH believes that its interpretation is correct and intends to contest this issue.

RIH also received a letter dated November 9, 1989, from the State of New Jersey Department of the Treasury (the "Treasury") stating that the housing related investments made by RIH were not sufficient to meet its investment obligation for the years 1979 through 1983. The letter also stated that alternative tax in the amount of \$21,637,000 was due for those years, in addition to penalties and interest thereon which amounted to \$12,514,000 as of the date of the letter. As set forth in the table above, RIH believes that \$8,533,000 of such obligations have been settled in cash (\$7,533,000 and by previously approved housing related investments (\$1,000,000).

Also, RIH has received an audit report issued by an agency acting on behalf of the Treasury identifying qualifying credits from housing related investments of \$10,165,000. This leaves a total of \$2,939,000 of housing related investments under audit in question. RIH has notified the Treasury that it takes exception to the Treasury's computation of amounts due. Further, RIH believes that the \$2,939,000 of housing related investments in question will be found, under further audit, to have been satisfied. The audit is continuing.

**NOTE 15 - DEFERRED CREDITS**

Deferred credits represent the unrecognized portion of a lump-sum payment made by a tenant at the inception, July 1983 of a fifteen year lease. As of June 1, 1990 management extended the life of the lease by ten years to end June 31, 2008. This payment is being recognized and recorded in earnings in equal monthly installments over the life of the lease. The recognized portions were \$568,000 and \$546,000 for the nine months ended September 30, 1991 and 1990, respectively.

**NOTE 16 - STATEMENT OF CASH FLOW (LINE 45):**

(In Thousands of Dollars)

DESCRIPTION	1990
Other	
Affiliated bad debt write-off	\$ 63,983
Debt issuance costs	17,335
Non-operating restructuring adjustments	99,849
Other	24
<b>Total</b>	<b>\$181,191</b>

DESCRIPTION	AMOUNT
Balance (January 1)	\$ 4,533
Checks issued (excluding counter checks issued through cash relating to consolidations, partial redemptions, and patrons' cash deposits)	112,220
Amount prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and counter checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	74,752
Checks collected through deposits	32,442
Amount transferred to returned checks	3,183
Adjustments	4,533
Balance included in Balance On Line 16	
Amount for Uncollectible Patrons' Checks	2,524
Amount for a Percent of Counter Checks Issued	2,1

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1991  
(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT (c) BALANCE	ACCOUNTS RECEIVABLE- (d) ALLOWANCE (e) NET OF ALLOWANCE
	Patrons' Checks:		
1	Undeposited patrons' checks .....	\$ 4,506	
2	Returned patrons' checks .....	9,043	
3	Total patrons' checks .....	13,549	\$ 6,600
4	Hotel Receivables .....	642	367
	Other Receivables:		
5	Receivables due from officers and employees .....	1	
6	Receivables due from affiliates .....	52,813	
7	Other accounts and notes receivables ..	417	
8	Total other receivables .....	53,231	\$53,231
9	Totals (Form 305)	67,422	\$ 6,967
			\$60,455

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 4,655
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	112,220
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) ...	( 74,725)
13	Checks collected through deposits .....	( 32,447)
14	Checks transferred to returned checks .....	( 5,197)
15	Other adjustments .....	
16	Ending balance .....	\$ 4,506
17	"Hold" Checks Included In Balance On Line 16 .....	
18	Provision For Uncollectible Patrons' Checks .....	\$ 2,526
19	Provision As A Percent of Counter Checks Issued .....	2.3 %

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC :ss.  
:

JOHN R. SPINA, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Annual Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

  
Signature

SR. V.P. - FINANCE & ADMINISTRATION  
Title

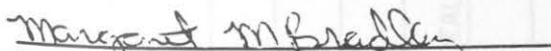
02507-11  
License Number

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of November, 1991.

On Behalf Of:

\_\_\_\_\_  
Signature Casino Licensee

MERV GRIFFIN'S RESORTS CASINO HOTEL

  
Basis of Authority to Take Oaths

**MARGARET M. BRADLEY**  
**NOTARY PUBLIC OF NEW JERSEY**  
My Commission Expires Nov. 21, 1994

CCC-250

## HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	673	16,825	13,006	\$ 66.88	77.3%	25,858	\$ 33.64
FEBRUARY	673	17,238	14,290	\$ 67.35	82.9%	28,501	\$ 33.77
MARCH	673	19,025	17,009	\$ 68.97	89.4%	33,114	\$ 35.42
1ST QUARTER TOTALS		53,088	44,305	\$ 67.83	83.5%	87,473	\$ 34.36
APRIL	671	18,328	16,712	\$ 69.84	91.2%	33,486	\$ 34.86
MAY	671	19,030	17,469	\$ 70.03	91.8%	35,128	\$ 34.83
JUNE	671	19,893	19,237	\$ 73.53	96.7%	39,023	\$ 36.25
2ND QUARTER TOTALS		57,251	53,418	\$ 71.23	93.3%	107,637	\$ 35.35
JULY	671	20,652	19,750	\$ 81.93	95.6%	40,467	\$ 39.99
AUGUST	671	20,698	20,096	\$ 83.15	97.1%	41,439	\$ 40.32
SEPTEMBER	671	19,884	18,015	\$ 73.40	90.6%	36,570	\$ 36.16
3RD QUARTER TOTALS		61,234	57,861	\$ 79.70	94.5%	118,476	\$ 38.92
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

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C193

# QUARTERLY REPORT

DEC - 9 1991

185 W. STATE ST.

Adamar of New Jersey, Inc.

**LICENSEE** dba TropWorld Casino and Entertainment Resort

**ADDRESS** Brighton Avenue & the Boardwalk

Atlantic City, New Jersey 08401

**FOR THE QUARTER ENDED** September 30, **19**91

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .**

Lester Brzozowski

**OFFICIAL TITLE . . . . .**

Vice President of Finance

**ADDRESS . . . . .**

Brighton Avenue and the Boardwalk

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

# LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED September 30, 19 91

<u>TITLE</u>	<u>FORM NO.</u>
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TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

BALANCE SHEETS

SEPTEMBER 30, 1991 AND 90  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
ASSETS			
	Current Assets:	\$	\$
1	Cash.....	7,301	5,537
2	Marketable Securities.....	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts 1991 \$9,641 ; 1990, \$10,769).....	15,943	19,391
4	Inventories.....	2,747	1,899
5	Prepaid expenses and other current assets.....	7,087	4,788
6	Total current assets.....	33,078	31,615
7	Investments, Advances, and Receivables.....(Note II-7, III-1).....	72,066	68,986
8	Property and Equipment - Net.....(Note II-1).....	239,028	248,393
9	Other Assets.....	576	832
10	Total Assets.....	\$ 344,748	\$ 349,826
LIABILITIES AND EQUITY			
	Current Liabilities:	\$	\$
11	Accounts payable.....	2,870	2,110
12	Notes payable.....	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates.....	-0-	-0-
14	Other.....(Note II-2).....	2,699	2,775
15	Income taxes payable and accrued.....	(662)	(662)
16	Other accrued expenses.....(Note III-2).....	24,891	25,585
17	Other current liabilities.....(Note III-3).....	2,671	3,211
18	Total current liabilities.....	32,469	33,019
	Long-Term Debt:		
19	Due to affiliates.....(Note II-2).....	140,000	140,000
20	Other.....(Note II-2).....	5,985	7,377
21	Deferred Credits.....(Note II-3).....	-0-	2,144
22	Other Liabilities.....(Note II-7, III-4).....	28,123	24,332
23	Commitments and Contingencies (Note II-4)		
24	Total Liabilities.....	206,577	206,872
25	Stockholders', Partners', Or Proprietor's Equity.....	138,171	142,954
26	Total Liabilities and Equity.....	\$ 344,748	\$ 349,826

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE Nine Months ENDED September 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	217,581	210,942
2	Rooms.....	15,151	19,521
3	Food and beverage.....	25,301	28,056
4	Other.....	8,420	8,019
5	Total revenue.....	266,453	266,538
6	Less: Promotional allowances.....(Note II-5, II-6)....	28,388	28,882
7	Net revenue.....	238,065	237,656
	Costs And Expenses:		
8	Cost of goods and services.....(Note II-6, II-7)....	118,981	118,890
9	Selling, general, and administrative.....(Note II-7).....	61,192	63,238
10	Provision for doubtful accounts.....	1,582	2,182
11	Depreciation and amortization.....	11,951	11,901
	Charges from affiliates other than interest:		
12	Management fees.....(Note II-7).....	-0-	490
13	Other.....(Note II-7).....	46,744	42,231
14	Total costs and expenses.....	240,450	238,932
15	Income (Loss) From Operations.....	(2,385)	(1,276)
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note II-2).....	(14,175)	(13,908)
17	Interest (expense) - external.....(Note II-2).....	(2,188)	(2,457)
18	Investment alternative tax and related income (expense) - net.(II-4)	(856)	(833)
19	Nonoperating income (expense) - net.....(Note III-5).....	17,712	17,644
20	Total other income (expenses).....	493	446
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(1,892)	(830)
22	Provision (credit) for income taxes.....(Note II-8).....	-0-	-0-
23	Income (Loss) Before Extraordinary Items.....	(1,892)	(830)
24	Extraordinary items (net of income taxes - 1991, \$ -0- ; 1990, \$ -0- ).....	-0-	-0-
25	Net Income (Loss).....	\$ (1,892)	\$ (830)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in these notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	83,127	76,390
2	Rooms.....	5,200	7,407
3	Food and beverage.....	9,259	9,366
4	Other.....	3,405	3,007
5	Total revenue.....	100,991	96,170
6	Less: Promotional allowances.....(Note II-5, II-6)....	10,369	10,776
7	Net revenue.....	90,622	85,394
	Costs And Expenses:		
8	Cost of goods and services.....(Note II-6, II-7)....	42,898	40,673
9	Selling, general, and administrative.....(Note II-7).....	21,100	22,696
10	Provision for doubtful accounts.....	734	921
11	Depreciation and amortization.....	4,038	4,053
	Charges from affiliates other than interest:		
12	Management fees.....(Note II-7).....	-0-	185
13	Other.....(Note II-7).....	15,589	14,065
14	Total costs and expenses.....	84,359	82,593
15	Income (Loss) From Operations.....	6,263	2,801
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note II-2).....	(4,725)	(4,636)
17	Interest (expense) - external.....(Note II-2).....	(652)	(825)
18	Investment alternative tax and related income (expense) - net(II-4).....	(352)	(306)
19	Nonoperating income (expense) - net.....(Note III-5).....	6,047	6,100
20	Total other income (expenses).....	318	333
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	6,581	3,134
22	Provision (credit) for income taxes.....(Note II-8).....	-0-	-0-
23	Income (Loss) Before Extraordinary Items.....	6,581	3,134
24	Extraordinary items (net of income taxes - 1991, \$ -0- ; 1990, \$ -0- ).....	-0-	-0-
25	Net Income (Loss).....	\$ 6,581	\$ 3,134

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in these notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE nine MONTHS ENDED September 30, 19<sup>91</sup> AND 19<sup>90</sup>

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 91		19 90	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1) .....	100	1	100	1
2	Sale of stock .....				
3	.....				
4	Ending balance .....	100	1	100	1
	Preferred Stock:				
5	Beginning balance (January 1) .....	70,609	78,902	70,906	78,902
6	Sale of stock .....				
7	.....				
8	Ending Balance .....	70,609	78,902	70,609	78,902
	Additional Paid-in Capital:				
9	Beginning balance (January 1) .....		53,883		53,883
10	.....				
11	.....				
12	Ending balance .....		53,883		53,883
	Treasury Stock:				
13	Beginning balance (January 1) .....		( )		( )
14	Purchase of additional stock .....		( )		( )
15	Sale or retirement of stock .....				
16	Ending balance .....		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) .....		( )		( )
18	.....				
19	.....				
20	Ending balance .....		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) .....		( )		( )
22	.....				
23	.....				
24	Ending balance .....		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1) .....		7,277		10,998
26	Prior period adjustments .....				
27	Net income (loss) .....		(1,892)		(830)
28	Dividends .....		( )		( )
29	.....				
30	.....				
31	Ending balance .....		5,385		10,168
32	Ending Stockholders' Equity .....		\$138,171		\$142,954

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE nine MONTHS ENDED September 30, 19 91 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:	\$	\$
1	Beginning balance (January 1) .....		
2	Additional capital invested .....		
3	.....		
4	Ending balance .....		
	Accumulated Income (Loss):		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	.....		
9	Ending balance .....		
	Capital Withdrawals:		
10	Beginning balance (January 1) .....	( )	( )
11	Additional capital withdrawals .....	( )	( )
12	.....		
13	Ending balance .....	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1) .....	( )	( )
15	.....		
16	.....		
17	Ending balance .....	( )	( )
18	Ending Partners' Or Proprietor's Equity .....	\$	\$

**NOT APPLICABLE**

The accompanying notes are an integral part of the  
financial statements. Valid comparisons cannot be made  
without using information contained in the notes.

STATEMENTS OF CASH FLOW

FOR THE Nine Months ENDED September 30, 1991 AND 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

\*REVISED\*  
NOV 15, 1991

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990*
1	Net Cash Provided (Used) By Operating Activities.....	\$ 12,161	\$ 25,258
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		
3	Proceeds from the sale of short-term investment securities.....		
4	Purchase outflows for property and equipment.....	(5,669)	(8,303)
5	Proceeds from disposition of property and equipment.....	654	82
6	Purchase of casino reinvestment obligations.....	(2,709)	(2,634)
7	Purchase of other investments and loans/advances made.....	(2,562)	(15,196)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	1,832	561
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(8,454)	(25,490)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		
14	Payments to settle short-term debt.....		
15	Cash proceeds from issuance of long-term debt.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(2,037)	(2,152)
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(2,037)	(2,152)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	1,670	(2,384)
25	Cash And Cash Equivalents At Beginning Of Period.....	5,631	7,921
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,301	\$ 5,537
		=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 20,946	\$ 16,364
28	Income Taxes.....	\$ -0-	\$ -0-

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in these notes.

STATEMENTS OF CASH FLOW

FOR THE Nine Months ENDED September 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

\*REVISED\*  
NOV 15, 1991

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990*
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (1,892)	\$ (830)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	11,758	11,707
31	Amortization of other assets.....	193	194
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	941	74
36	(Gain) loss on casino reinvestment obligations.....	856	833
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	1,327	3,289
39	Net (increase) decrease in inventories.....	(13)	102
40	Net (increase) decrease in other current assets.....	(2,605)	(558)
41	Net (increase) decrease in other assets.....	73	190
42	Net increase (decrease) in accounts payables.....	(1,447)	(2,539)
43	Net increase (decrease) in other current liabilities excluding debt.....	2,137	9,353
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,429	5,437
45	Net (increase) decrease in accrued interest income.....	(596)	(1,994)
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 12,161	\$ 25,258
		=====	=====

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ (7,026)	\$ (11,598)
49	Less: Capital lease obligations incurred.....	* (1,357)	* (3,295)
50	Cash Outflows For Property And Equipment.....	\$ (5,669)	\$ (8,303)
		=====	=====
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....	\$	\$
52	Goodwill acquired.....		
53	Net assets acquired other than cash, goodwill, and property and equipment.....		
54	Long-term debt assumed.....		
55	Issuance of stock or capital invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$	\$
		=====	=====
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$	\$
58	Less: Issuances to settle long-term debt.....		
59	Consideration in acquisition of business entities.....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$	\$
		=====	=====

\* CAPITAL LEASE OBLIGATIONS OF \$2,492 AND \$3,348 WERE INCURRED FOR 1991 AND 1990 RESPECTIVELY,  
WHEN ADAMAR ENTERED INTO NEW PROPERTY AND EQUIPMENT LEASES. CAPITAL LEASE OBLIGATION  
RETIREMENTS OF \$1,135 AND \$53 WERE INCURRED FOR 1991 AND 1990.

ADAMAR OF NEW JERSEY, INC.  
 DEB TROPWORLD CASINO AND ENTERTAINMENT RESORT  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1. DISCLOSURES NOT PRESENTED

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 1990.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1990 Annual Report should be read in conjunction with these financial statements.

II. SIGNIFICANT INFORMATION

NOTE 1. PROPERTY AND EQUIPMENT

At September 30, 1991 and 1990, the components of property and equipment consisted of:

	<u>1991</u>	<u>1990</u>
Land	\$ 38,258,000	\$ 36,308,000
Building, furniture and fixtures	280,971,000	280,113,000
Less accumulated depreciation	(83,041,000)	(72,830,000)
Construction in progress	<u>2,840,000</u>	<u>4,802,000</u>
Total Property and Equipment	<u>\$239,028,000</u>	<u>\$248,393,000</u>

On October 26, 1992, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on October 26, 1991, effective November 26, 1991, for a period of two years. Management has received no indication that license renewals will not be granted.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter claim in lawsuits filed by others.

Management believes that its defenses are substantial in each of these matters and that the Company's legal position can be successfully defended without material adverse effect on its consolidated financial position.

NOTE 2. LONG-TERM DEBT

At September 30, 1991 and 1990, long-term debt consisted of:

	<u>1991</u>	<u>1990</u>
Note payable to Aztar Mortgage Funding, Inc.; 13.5%; due 1996;	\$140,000,000	\$140,000,000
Obligations under capital leases	<u>8,684,000</u>	<u>10,152,000</u>
	148,684,000	150,152,000
Less current portion	<u>(2,699,000)</u>	<u>(2,775,000)</u>
Long-term portion	<u>\$145,985,000</u>	<u>\$147,377,000</u>

Substantially all of the Company's property and equipment is pledged as collateral for long-term debt.

The aggregate fixed maturities for all long-term debt are:

1991	\$ 676,000
1992	2,585,000
1993	2,423,000
1994	1,953,000
1995	883,000
Thereafter	<u>140,164,000</u>
<b>TOTAL</b>	<b><u>\$148,684,000</u></b>

NOTE 3. DEFERRED CREDITS

Deferred credits consist of income taxes due to timing differences between financial and taxable income.

NOTE 4. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on October 28, 1991, effective November 26, 1991, for a period of two years. Management has received no indication that future renewals will not be granted.

Adamar is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter claim in actions filed by Adamar.

Management believes that its defenses are substantial in each of these matters and that the Company's legal posture can be successfully defended without material adverse effect on its consolidated financial position.

The New Jersey Casino Control Commission imposes an annual tax of eight percent on gross revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent of gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation at September 30, 1991 and 1990, respectively, was \$2,709,000 and \$2,634,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of \$856,000 and \$833,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on September 30, 1991 and 1990.

NOTE 5. COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the nine months ended September 30, 1991 are:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	113,323	\$ 8,747,000	67	\$ 6,000
Food	1,004,898	9,848,000	89,286	875,000
Beverage	4,198,762	5,222,000	-0-	-0-
Travel	-0-	-0-	2,166	758,000
Tivoli Pier/ Showroom/Boxing	55,863	1,163,000	17,900	358,000
Coin Payouts	-0-	-0-	2,120,225	24,199,000
Other	<u>340,800</u>	<u>3,408,000</u>	<u>39,600</u>	<u>396,000</u>
Total	<u>5,713,646</u>	<u>\$28,388,000</u>	<u>2,269,244</u>	<u>\$26,592,000</u>

The amount of promotional allowances and promotional expenses for the quarter ended September 30, 1991 are:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	48,883	\$ 2,666,000	19	\$ 2,000
Food	377,833	3,703,000	35,719	350,000
Beverage	1,575,053	2,171,000	-0-	-0-
Travel	-0-	-0-	789	276,000
Tivoli Pier/ Showroom/Boxing	27,960	557,000	9,158	183,000
Coin Payouts	-0-	-0-	770,365	8,595,000
Other	<u>127,159</u>	<u>1,272,000</u>	<u>14,292</u>	<u>143,000</u>
Total	<u>2,156,888</u>	<u>\$10,369,000</u>	<u>830,342</u>	<u>\$ 9,549,000</u>

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the nine months ending September 30, 1991 are:

	<u>PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES</u>		<u>OTHER PAYOUTS</u>	
	<u>Number of Payouts</u>	<u>Dollar Amount</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	<u>-0-</u>	<u>\$ -0-</u>	<u>20*</u>	<u>\$373,597</u>
Total	<u>-0-</u>	<u>\$ -0-</u>	<u>20</u>	<u>\$373,597</u>

\*Note: Cash was taken by nineteen patrons instead of motor vehicles.

Jackpot payouts for the quarter ending September 30, 1991 are:

	<u>PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES</u>		<u>OTHER PAYOUTS</u>	
	<u>Number of Payouts</u>	<u>Dollar Amounts</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	<u>-0-</u>	<u>\$ -0-</u>	<u>6</u>	<u>\$ 90,000</u>
Total	<u>-0-</u>	<u>\$ -0-</u>	<u>6</u>	<u>\$ 90,000</u>

NOTE 7. RELATED PARTIES

Due to affiliates is reflected in Other Liabilities. The identity of the affiliates and corresponding balances are:

	<u>1991</u>	<u>1990</u>
Due to Aztar Corporation	\$ 7,495,000	\$ 7,076,000
Due to Atlantic-Deauville, Inc.	82,000	180,000
Due to Ramada New Jersey, Inc.	1,314,000	548,000
Due to Adamar Garage Corporation	10,592,000	4,337,000
Due to Aztar Mortgage Funding, Inc.	682,000	415,000
	<u>\$20,165,000</u>	<u>\$12,556,000</u>

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliates and corresponding balances are:

	<u>1991</u>	<u>1990</u>
Advances to Tropicana West	\$ 21,406,000	\$ 21,435,000
Note receivable - Adamar Garage Corporation	17,052,000	17,052,000
	<u>\$ 38,458,000</u>	<u>\$ 38,487,000</u>

A note payable to Aztar Mortgage Funding, Inc. in the amount of \$140,000,000 is included in Long-term debt to affiliates (see Note II-2).

For the nine months ended September 30, 1991 and 1990 the Company incurred management fees from Aztar Corporation of \$-0- and \$490,000, respectively.

The nature of "Charges from affiliates - other" for the nine months ended September 30, 1991 and 1990 are as follows:

	<u>1991</u>	<u>1990</u>
Basic rent - AGP	\$ 41,339,000	\$ 36,892,000
Rent - Shore Motors	522,000	478,000
Rent - Lihn Warehouse	53,000	55,000
Rent - Deaurville	180,000	180,000
Rent - Adamar Garage Corporation	<u>4,650,000</u>	<u>4,626,000</u>
Total	<u>\$ 46,744,000</u>	<u>\$ 42,231,000</u>

For the nine months ended September 30, 1991 and 1990 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of goods and services and Selling, general, and administrative. The nature of the charges and dollar amounts are as follows:

COST OF GOODS AND SERVICES

	<u>1991</u>	<u>1990</u>
Executive Deferred Compensation Plan	\$ 3,000	\$ 3,000
Property Insurance	343,000	342,000
Workman's Compensation	<u>796,000</u>	<u>654,000</u>
Total	<u>\$ 1,142,000</u>	<u>\$ 999,000</u>

SELLING, GENERAL AND ADMINISTRATIVE

	<u>1991</u>	<u>1990</u>
Insurance (1)	\$ 864,000	\$ 1,017,000
Executive Deferred Compensation Plan	15,000	42,000
Workman's Compensation	206,000	181,000
Corporate Allocation	-0-	255,000
Long-term Incentive	642,000	663,000
Restricted Stock	<u>119,000</u>	<u>124,000</u>
	<u>1,846,000</u>	<u>2,282,000</u>
Total	<u>\$ 2,988,000</u>	<u>\$ 3,281,000</u>

(1) Insurance amounts include various premiums and claim settlements.

NOTE 8. INCOME TAXES/BENEFITS

For income tax purposes, Adamar is included in Aztar's consolidated corporate, federal income tax return.

At December 31, 1990, the Company has financial net operating loss carryforwards of \$3.2 million for regular tax and alternative minimum tax. For tax purposes, the Company has net operating loss carryforwards of \$21.3 million for regular tax and alternative minimum tax. These loss carryforwards are available for future years and, if not used, will expire in the years 2004 through 2005.

The Company had credit carryforwards available for future years of \$1.4 million for financial reporting and tax reporting purposes which will expire in the years 2000 through 2005. The Company also had contribution carryforwards available for future years of \$500,000 for financial reporting and tax reporting purposes which will expire in the years 2003 through 2005.

III. SUPPORTING SCHEDULES FOR MATERIAL ITEMS

NOTE 1. INVESTMENTS, ADVANCES, AND RECEIVABLES

At September 30, 1991 and 1990, Investments, Advances, and Receivables consisted of the following:

	<u>1991</u>	<u>1990</u>
Due from Affiliates	\$ 21,406,000	\$ 21,435,000
CRDA investment	15,830,000	13,409,000
Mortgage receivable	17,381,000	16,724,000
Note receivable - Adamar Garage Corporation	17,052,000	17,052,000
Long-term note receivable	<u>397,000</u>	<u>366,000</u>
Total	<u>\$ 72,066,000</u>	<u>\$ 68,986,000</u>

NOTE 2. OTHER ACCRUED EXPENSES

At September 30, 1991 and 1990, Other accrued expenses consisted of the following:

	<u>1991</u>	<u>1990</u>
Accrued payroll taxes and benefits	\$ 6,535,000	\$ 7,706,000
Accrued advertising	624,000	1,261,000
Accrued rent	319,000	290,000
Accrued taxes	773,000	591,000
Accrued progressive slot win	7,100,000	6,200,000
Accrued CCC & DGE	645,000	628,000
Accrued miscellaneous	1,819,000	2,669,000
Accrued litigation	364,000	404,000
Deferred rent	3,819,000	3,819,000
Other	<u>2,893,000</u>	<u>2,017,000</u>
Total	<u>\$ 24,891,000</u>	<u>\$ 25,585,000</u>

NOTE 3. OTHER CURRENT LIABILITIES

At September 30, 1991 and 1990, Other current liabilities consisted of the following:

	<u>1991</u>	<u>1990</u>
Reinvestment Obligation	\$ 1,035,000	\$ 952,000
Accrued construction payables	-	136,000
Gaming chips	830,000	977,000
Casino and RCC payment deposit	183,000	263,000
Unclaimed wages	417,000	445,000
Other	<u>206,000</u>	<u>438,000</u>
<b>Total</b>	<b><u>\$ 2,671,000</u></b>	<b><u>\$ 3,211,000</u></b>

NOTE 4. OTHER LIABILITIES

At September 30, 1991 and 1990, Other liabilities consisted of the following:

	<u>1991</u>	<u>1990</u>
Due to affiliates	\$ 20,165,000	\$ 12,556,000
Deferred rent	<u>7,958,000</u>	<u>11,776,000</u>
<b>TOTAL</b>	<b><u>\$ 28,123,000</u></b>	<b><u>\$ 24,332,000</u></b>

NOTE 5. NON-OPERATING INCOME/(EXPENSE)

For the period ending September 30, 1991 and 1990, Non-operating income/(expense) consisted of the following:

	<u>1991</u>	<u>1990</u>
Interest income	\$ 5,169,000	\$ 5,085,000
Administrative fee	75,000	75,000
Leased land rental	4,156,000	4,156,000
Maintenance reimbursement	9,253,000	8,402,000
Loss on disposition	<u>(941,000)</u>	<u>(74,000)</u>
<b>Total</b>	<b><u>\$ 17,712,000</u></b>	<b><u>\$ 17,644,000</u></b>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey

September 30, 1991

COUNTY OF Atlantic

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT (c) BALANCE	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (E) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks.....	4,365		
2	Returned patrons' checks.....	13,498		
3	Total patrons' checks.....	17,863	(9,453)	8,410
4	Hotel Receivables.....	1,444	(188)	1,256
	Other Receivables:			
5	Receivables due from officers and employees..	43		
6	Receivables due from affiliates.....	-0-		
7	Other accounts and notes receivables.....	6,234		
8	Total other receivables.....	6,277		6,277
9	Totals (Form 205).....	\$ 25,584	\$ (9,641)	\$ 15,943

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
		\$
10	Beginning Balance (January 1).....	4,889
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	110,979
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(77,876)
13	Checks collected through deposits.....	(29,030)
14	Checks transferred to returned checks.....	(4,597)
15	Other adjustments.....	-0-
16	Ending Balance.....	\$ 4,365
17	"Hold" Checks Included in Balance On Line 16.....	\$ -0-
18	Provision For Uncollectible Patrons' Checks.....	\$ 1,440
19	Provision As A Percent Of Counter Checks Issued.....	1.3 %



## HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 19 91

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,014	31,434	21,939	\$ 63.75	69.8 %	43,389	\$ 32.23
FEBRUARY	1,014	28,392	23,740	\$ 77.07	83.6 %	46,579	\$ 39.28
MARCH	1,014	31,434	28,655	\$ 60.25	91.2 %	56,852	\$ 30.37
1ST QUARTER TOTALS		91,260	74,334	\$ 66.65	81.5 %	146,820	\$ 33.75
APRIL	1,014	30,420	28,392	\$ 60.33	93.3 %	56,020	\$ 30.58
MAY	1,014	31,434	29,160	\$ 74.43	92.8 %	57,044	\$ 38.05
JUNE	1,014	30,420	28,450	\$ 62.50	93.5 %	56,847	\$ 31.29
2ND QUARTER TOTALS		92,274	86,002	\$ 65.83	93.2 %	169,911	\$ 33.32
JULY	1,014	31,434	28,676	\$ 61.10	91.2 %	57,703	\$ 30.36
AUGUST	1,014	31,434	29,543	\$ 63.24	94.0 %	58,671	\$ 31.84
SEPTEMBER	1,014	30,420	24,641	\$ 65.12	81.0 %	49,154	\$ 32.65
3RD QUARTER TOTALS		93,288	82,860	\$ 63.06	88.8 %	165,528	\$ 31.56
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

# QUARTERLY REPORT

PRO  
LIST OF NEW JERSEY CASINOS  
QUARTERLY REPORT

DEC - 9 1991

185 W. STATE ST.  
TRENTON, N.J.

**LICENSEE** TRUMP CASTLE ASSOCIATES

**ADDRESS** Huron Avenue & Brigantine Boulevard

Atlantic City ,N.J. 08401

**FOR THE QUARTER ENDED** September 30 1991

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .**

Thomas P. Venier

**OFFICIAL TITLE. . . . .**

Sr. Vice President of Finance

**ADDRESS . . . . .**

Huron Avenue & Brigantine Boulevard

Atlantic City N.J. 08401

TRADING NAME OF LICENSEE Trump Castle Associates

## LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED September 30, 19 91

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

## BALANCE SHEETS

September 30, 19 91 AND 19 90

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE# (a)	DESCRIPTION (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
<b>ASSETS</b>			
	Current Assets: (NOTE 1)	\$ 15,476	\$ 20,092
1	Cash .....	0	0
2	Marketable securities .....	7,614	14,853
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>91</u> , \$ 3,065 ; 19 <u>90</u> , \$ 4,073 ) .....	1,914	2,916
4	Inventories .....	4,891	5,718
5	Prepaid expenses and other current assets .....	29,895	43,579
6	Total current assets .....	723	1,022
7	Investments, Advances, And Receivables .....	352,379	370,164
8	Property And Equipment - Net (NOTE 2) .....	10,959	11,814
9	Other Assets (NOTE 6) .....	\$ 393,956	\$ 426,579
10	Total Assets .....		
<b>LIABILITIES AND EQUITY</b>			
	Current Liabilities:	\$	\$
11	Accounts payable (NOTE 7) .....	3,847	7,414
12	Notes payable (NOTE 4) .....	13,000	13,000 *
	Current portion of long-term debt:		
13	Due to affiliates (NOTE 3,5) .....	318,066	315,262
14	Other (NOTE 4) .....	50,000	50,000 *
15	Income taxes payable and accrued .....	0	0
16	Other accrued expenses (NOTE 8) .....	44,353	24,041
17	Other current liabilities (NOTE 9) .....	13,330	10,830
18	Total current liabilities .....	442,596	420,547
	Long-Term Debt: (NOTE 3)		
19	Due to affiliates .....	0	0
20	Other (NOTE 4) .....	0	0
21	Deferred Credits .....	0	0
22	Other Liabilities .....	8	11
23	Commitments And Contingencies (NOTE 11) .....		
24	Total Liabilities .....	442,604	420,558
		(48,648)	6,021
25	Stockholders', Partners', Or Proprietor's Equity .....		
26	Total Liabilities And Equity .....	\$ 393,956	\$ 426,579

\*Certain amounts have been reclassified to conform to 1991 presentation.  
The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made

TRADING NAME OF LICENSEE

Trump Castle Associates

# STATEMENTS OF INCOME

FOR THE Nine MONTHS ENDED September 30, 1991 and 19 90

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
	Revenue:		
1	Casino .....	\$ 146,756	\$ 181,989
2	Rooms .....	12,520	17,031
3	Food and beverage .....	24,968	31,630
4	Other .....	8,447	9,645
5	Total revenue .....	192,691	240,295
6	Less: Promotional allowances .....	24,280	33,820
7	Net revenue .....	168,411	206,475
	Costs And Expenses:		
8	Cost of goods and services .....	99,850	116,252
9	Selling, general, and administrative .....	45,032	59,673
10	Provision for doubtful accounts .....	2,197	3,399
11	Depreciation and amortization .....	16,083	15,333
	Charges from affiliates other than interest:		
12	Management fees .....	0	0
13	Other .....	0	0
14	Total costs and expenses .....	163,162	194,657
15	Income (Loss) From Operations .....	5,249	11,818
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....	(31,785)	(31,240)
17	Interest (expense) - external .....	(4,589)	(5,210)
18	Investment alternative tax and related income (expense) - net. ....	(1,885)	(3,302)
19	Nonoperating income (expense) - net .....	(2,429)	567
20	Total other income (expenses).....	(40,688)	(39,185)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(35,439)	(27,367)
22	Provision (credit) for income taxes .....	0	0
23	Income (Loss) Before Extraordinary Items .....	(35,439)	(27,367)
24	Extraordinary items (net of income taxes - 19 <u>91</u> , \$ -0- ; 19 <u>90</u> , \$ 3,136 ) .....	0	3,136
25	Net Income (Loss) .....	\$ (35,439)	\$ (24,231)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

Trump Castle Associates

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 19 91 and 19 90

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
	<b>Revenue:</b>		
1	Casino .....	\$ 56,178	\$ 60,097
2	Rooms .....	4,974	6,745
3	Food and beverage .....	9,462	11,085
4	Other .....	2,595	3,698
5	Total revenue .....	73,209	81,625
6	Less: Promotional allowances (NOTE 13) .....	9,376	12,590
7	Net revenue .....	63,833	69,035
	<b>Costs And Expenses:</b>		
8	Cost of goods and services (NOTE 14) .....	35,242	38,806
9	Selling, general, and administrative .....	14,994	18,011
10	Provision for doubtful accounts .....	661	1,877
11	Depreciation and amortization .....	5,274	5,188
	<b>Charges from affiliates other than interest:</b>		
12	Management fees .....	0	0
13	Other .....	0	0
14	Total costs and expenses .....	56,171	63,882
15	Income (Loss) From Operations .....	7,662	5,153
	<b>Other Income (Expenses):</b>		
16	Interest (expense) - affiliates (NOTE 3,5) .....	(10,619)	(10,689)
17	Interest (expense) - external (NOTE 4) .....	(1,495)	(1,729)
18	Investment alternative tax and related income (expense) - net (NOTE 11) .....	(617)	(649)
19	Nonoperating income (expense) - net (NOTE 10) .....	(2,117)	193
20	Total other income (expenses) .....	(14,848)	(12,874)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	(7,186)	(7,721)
22	Provision (credit) for income taxes (NOTE 1) .....	0	0
23	Income (Loss) Before Extraordinary Items .....	(7,186)	(7,721)
24	Extraordinary items (net of income taxes - 19 <u>91</u> , \$ -0- ; 19 <u>90</u> , \$ -0- ) (NOTE 15) .....	0	0
25	Net Income (Loss) .....	\$ (7,186)	\$ (7,721)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE Nine MONTHS ENDED September 30 19 91 AND 19 90

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE# (a)	DESCRIPTION (b)	19 <u>91</u>		19 <u>90</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLAR
	Common Stock:		\$		\$
1	Beginning balance (January 1) .....				
2	Sale of stock .....				
3	.....				
4	Ending balance .....				
	Preferred Stock:				
5	Beginning balance (January 1) .....				
6	Sale of stock .....				
7	.....				
8	Ending Balance .....				
	Additional Paid-in Capital:				
9	Beginning balance (January 1) .....				
10	.....				
11	.....				
12	Ending balance .....				
	Treasury Stock:				
13	Beginning balance (January 1) .....	(	)	(	)
14	Purchase of additional stock .....	(	)	(	)
15	Sale or retirement of stock .....				
16	Ending balance .....	(	)	(	)
	Subscriptions Receivable For				
	Capital Stock:				
17	Beginning balance (January 1) .....	(	)	(	)
18	.....				
19	.....				
20	Ending balance .....	(	)	(	)
	Net Unrealized Loss On Noncurrent				
	Marketable Equity Securities:				
21	Beginning balance (January 1) .....	(	)	(	)
22	.....				
23	.....				
24	Ending balance .....	(	)	(	)
	Retained Earnings:				
25	Beginning balance (January 1) .....				
26	Prior period adjustments .....				
27	Net income (loss) .....	(	)	(	)
28	Dividends .....				
29	.....				
30	.....				
31	Ending balance .....				
32	Ending Stockholders' Equity .....		\$		\$

STATEMENTS OF CASH FLOWS  
 TRADING NAME OF LICENSEE Trump Castle Associates  
**STATEMENTS OF CHANGES IN PARTNERS'**

**OR PROPRIETOR'S EQUITY**

FOR THE Nine MONTHS ENDED September 30 19 91 AND 19 90

(UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 19 90
	<b>Invested Capital:</b>	<b>\$ 71,196</b>	<b>\$ 71,196</b>
1	Beginning balance (January 1) .....	71,196	71,196
2	Additional capital invested .....	0	0
3	.....	0	0
4	Ending balance .....	71,196	71,196
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) .....	(45,955)	(2,494)
6	Prior period adjustments .....	0	0
7	Net income (loss) .....	(35,439)	(24,231)
8	.....		
9	Ending balance .....	(81,394)	(26,725)
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) .....	( 38,450 )	( 38,450 )
11	Additional capital withdrawals .....	( 0 )	( 0 )
12	.....		
13	Ending balance .....	( 38,450 )	( 38,450 )
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) .....	( 0 )	( 0 )
15	.....		
16	.....		
17	Ending balance .....	( 0 )	( 0 )
18	<b>Ending Partners' Or Proprietor's Equity .....</b>	<b>\$ (48,648)</b>	<b>\$ 6,021</b>

The accompanying notes are an integral part of the  
 financial statements. Valid comparisons cannot be made  
 without using information contained in the notes.

TRADING NAME OF LICENSEE Trump Castle Associates

## STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30, 1991 and 1990  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>91</u>	(d) 19 <u>90</u>
7	Net Cash Provided (Used) By Operating Activities.....	\$ 8,851	\$ 2,564
	Cash Flows From Investing Activities:		
	Purchase of short-term investment securities.....	0	0
	Proceeds from the sale of short-term investment securities.....	0	0
	Purchase outflows for property and equipment.....	(3,021)	(11,375)
	Proceeds from disposition of property and equipment.....	1,841	120
	Purchase of casino reinvestment obligations.....	(239)	(201)
	Purchase of other investments and loans/advances made.....	0	0
	Proceeds from disposal of investments and collection of advances and long-term receivables.....	0	3,146
	Cash outflows to acquire business entities.....	0	0
	.....	0	9,655
	.....	0	0
12	Net Cash Provided (Used) By Investing Activities.....	( 1,419)	1,345
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		(2,000)
14	Payments to settle short-term debt .....	0	26,265
15	Cash proceeds from issuance of long-term debt.....	0	
16	Costs of issuing debt.....		(22,680)
17	Payments to settle long-term debt.....	0	
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21	.....		
22	.....		
23	Net Cash Provided (Used) By Financing Activities.....	0	1,585
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	7,432	5,494
25	Cash And Cash Equivalents At Beginning Of Period .....	8,044	14,598
26	Cash And Cash Equivalents At End Of Period.....	\$ 15,476	\$ 20,092

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 6,393	\$ 23,978
28	Income taxes.....	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE Trump Castle Associates

## STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30, 1991 and 19 90  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 91	(d) 19 90
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss).....	\$ (35,439)	\$ (24,231)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	15,392	14,738
31	Amortization of other assets.....	691	595
32	Amortization of debt discount or premium.....	2,152	1,853
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	0	0
35	(Gain) loss on disposition of property and equipment.....	(51)	133
36	(Gain) loss on casino reinvestment obligations.....	1,885	3,302
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	6,872	1,454
39	Net (increase) decrease in inventories.....	859	575
40	Net (increase) decrease in other current assets.....	(2,084)	(2,988)
41	Net (increase) decrease in other assets.....	(395)	(475)
42	Net increase (decrease) in accounts payables.....	(7,291)	(1,056)
43	Net increase (decrease) in other current liabilities excluding debt.....	26,260	8,672
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	0	(8)
45	.....		
46	.....		
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 8,851</b>	<b>\$ 2,564</b>

### SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

<b>Acquisition Of Property And Equipments:</b>			
48	Additions to property and equipment.....	\$ (3,021)	\$ 11,375
49	Less: Capital lease obligations incurred.....	0	0
50	<b>Cash Outflows For Property And Equipments.....</b>	<b>\$ (3,021)</b>	<b>\$ 11,375</b>
<b>Acquisition Of Business Entities:</b>			
51	Property and equipment acquired.....	\$ 0	\$ 0
52	Goodwill acquired.....	0	0
53	Net assets acquired other than cash, goodwill, and property and equipment.....	0	0
54	Long-term debt assumed.....	0	0
55	Issuance of stock or capital invested.....	0	0
56	<b>Cash Outflows To Acquire Business Entities.....</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Stock Issued Or Capital Contributions:</b>			
57	Total issuances of stock or capital contributions.....	\$ 0	\$ 0
58	Less: Issuances to settle long-term debt.....	0	0
59	Consideration in acquisition of business entities.....	0	0
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions.....</b>	<b>\$ 0</b>	<b>\$ 0</b>

TRADING NAME OF LICENSEE

Trump Castle Associates

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30, 19 91

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patrons' Checks:	\$ 3,604		
	Undeposited patrons' checks .....			
2	Returned patrons' checks .....	4,971		
3	Total patrons' checks .....	8,575	\$ 2,911	\$ 5,664
4	Hotel Receivables .....	702	154	548
5	Other Receivables:			
	Receivables due from officers and employees.....	29		
6	Receivables due from affiliates .....	694		
7	Other accounts and notes receivables .....	679		
8	Total other receivables .....	1,402	0	1,402
9	Totals (Form 205).....	\$ 10,679	\$ 3,065	\$ 7,614

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) .....	\$ 7,553
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	107,198
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) .....	( 58,272 )
13	Checks collected through deposits .....	( 47,552 )
14	Checks transferred to returned checks .....	( 5,323 )
15	Other adjustments .....	0
16	Ending Balance .....	\$ 3,604
17	"Hold" Checks Included In Balance On Line 16 .....	\$ 0
18	Provision For Uncollectible Patrons' Checks .....	\$ 2,295
19	Provision As A Percent Of Counter Checks Issued .....	2.2%

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey

:

COUNTY OF Atlantic

: ss.

Thomas P. Venier, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Tom Venier

Signature

Sr. Vice President of Finance  
Title

00711-11

License Number

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of November, 1991

On Behalf Of: .

Sharon J. Miller  
Signature

Trump Castle Hotel & Casino  
Casino Licensee

**SHARON J. MILLER**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires June 18, 1996

Basis of Authority  
to Take Oaths

TRUMP CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was organized on May 24, 1985, as a New Jersey limited partnership. Donald J. Trump and Trump's Castle Hotel & Casino, Inc., a New Jersey corporation which is owned by Mr. Trump, are the general partners and Mr. Trump is the sole limited partner (the "Partners").

Revenue Recognition:

The Partnership records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services are recognized at the time the related service is performed.

Promotional Allowances:

Gross revenues include the retail value of complimentary food, beverage and hotel services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenue to arrive at net revenues. The cost of promotional allowances is charged to operations.

Income Taxes/Deferred Credits:

The accompanying financial statements do not include a provision for Federal income taxes of the Partnership, since any income or losses allocated to the Partners are reportable for Federal income tax purposes by the Partners.

Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. However, no provision for state income taxes has been reflected in the accompanying financial statements, since the Partnership has experienced operating losses during the periods contained in this report.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$3,065,000 through September 30, 1991.

Inventories:

Food and beverage inventories are carried on a weighted average basis and all other inventories are carried at the lower of cost or market on a first in, first out basis.

Property and Equipment:

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of assets. Estimated useful lives for furniture, fixtures and equipment are from three to eight years and 40 years for buildings.

Original Issuance Discount and Bond Issuance Costs:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

Costs associated with the issuance of the bonds are capitalized and amortized over the life of the bonds using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT:  
(In Thousands of Dollars)

Property and equipment as of September 30:

	<u>1991</u>	<u>1990</u>
Land	\$ 31,557	\$ 31,792
Buildings	235,170	236,728
Furniture, Fixtures and Equipment	93,494	89,802
Construction in Progress	840	857
Building/Leasehold Improvements	109,536	108,564
	-----	-----
TOTAL	\$470,597	\$467,743
Less Accumulated Depreciation	(118,218)	(97,579)
	-----	-----
Net Property and Equipment	<u>\$352,379</u>	<u>\$370,164</u>

NOTE 3 - LONG TERM DEBT:

On June 27, 1985, Trump's Castle Funding ("The Company") issued its Series A-1 and Series A-2 First Mortgage Bonds (the "Bonds") for proceeds of \$300,000,000. The proceeds of the bonds were loaned by the Company to the Partnership under the terms which conform in all material respects with the terms of the Bonds, and were used by the Partnership to repay the interim bank financing.

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semi-annually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines rateably each year to zero in the year of maturity. As of June 30, 1990 the Partnership has redeemed \$22,680,000 of the original principal amount as required by the bond indenture and will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

The Series A-2 Bonds in an aggregate principal amount of \$125,000,000 bear interest at a rate of 7% and were issued at a discount (net proceeds of \$73,200,000) at an effective interest rate of 13-3/4%. Interest is payable semiannually and the principal will be due in full in 1999. These bonds will be redeemable at any time, subject to certain conditions, at the option of the Company, at 100% of the stated principal amount thereof.

The bonds are secured solely by an assignment to the Trustee of the Partnership's notes to the Company in the aggregate amount necessary to service bonds and by a first mortgage on the Partnership, excluding cash which may be distributed as described below (regardless of whether such cash has been distributed) and non-recourse to such distributable cash. The Partnership has issued a non-recourse, limited guaranty of the payment of the principal or premium, if any, and interest on the bonds. The bonds are nonrecourse to the Partners of the Partnership and the shareholders of the Company and all other persons and entities (other than the Company and the Partnership). The bonds cannot be subordinated to any other future borrowings by the Partnership or the Company.

The bond indenture permits the quarterly distribution of available cash flow, as defined, to the Partners in excess of \$1,512,000. The Partnership must also maintain such cash flow in an aggregate amount of \$6,048,000 during each 12 month period ending June 30, 1986 through 1990. In addition, the bond indenture limits additional borrowings and liens, certain activities of the Partnership and the Company, and the consolidation, merger, and transfer of substantially all of the assets, among other provisions.

As of September 30, 1991, 10% of the original principal amount (\$22,680,000) of the Series A-1 Bonds had been redeemed in satisfaction of the sinking fund requirements under the Indenture.

The Partnership failed to make certain interest payments on the Series A-1 and A-2 Bonds due June 15, 1991, in the amount of \$18,408,250, and failed to make a sinking fund payment on the Series A-1 Bonds in the amount of \$22,680,000, also due on June 15, 1991. Failure to meet these payment requirements has resulted in the indebtedness represented by the Series A-1 and A-2 Bonds being classified as a current liability.

The Partnership and the Company are currently involved in negotiations with the Bondholders of the Company in an effort to restructure the indebtedness represented by the Series A-1 and A-2 Bonds. The intent of the restructuring process is to obtain more favorable repayment terms for the Partnership and the Company and to improve long-term financial stability. However, no assurances can be given that the restructuring process will be successful in solving the Company's and Partnership's current liquidity problems. In the event that a debt restructure is not completed, the Company and Partnership may be forced to seek protection under Chapter 11 of the United States Bankruptcy Code.

NOTE 4 - BANK BORROWINGS:

In February 1988, the Partnership obtained a line of credit from Midlantic for \$50,000,000 to partially finance an expansion of Trump Castle and to reconstruct the Senator Frank S. Farley State Marina, located directly across from the entrance to Trump Castle (the "Marina"). The company has borrowed the entire amount of this line of credit which was converted to a term loan in August 1990. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable commencing February, 1992 and is based on a ten-year amortization schedule with the balance due in 1998. Security for this loan is identical to that of the Bonds. (See Note 3).

The Partnership also maintains a line of credit with Midlantic, due in 1995, of which \$13,000,000 has been drawn upon as of September 30, 1991.

The Partnership had failed to make interest payments totaling approximately \$2,353,000, which represented interest charges on the term loan for the months of August through December, 1990, as well as interest payments on the line of credit, totaling approximately \$961,000, which represented interest charges for the months of August 1990 through April 1991. Midlantic had agreed to defer payment of the unpaid interest on both loans until June 15, 1991.

On June 14, 1991 the Partnership made payment, to Midlantic, of all unpaid interest for both the term loan as well as the line of credit, then due and payable. The Partnership has maintained both loans in a current status since that date.

Since the security for the term loan is identical to that of the Bonds (See Note 3), and since the Bonds have been classified as a current liability, the term loan has also been classified as a current liability.

NOTE 5 - OTHER BORROWINGS:

The Partnership borrowed \$28,265,000 from Donald J. Trump one of its general partners (which included \$9,889,000) (face value \$12,480,000) evidenced by Series A-1 Bonds acquired by the Partner), the proceeds of which were used to partially satisfy the June 1990 interest and sinking fund requirements

of the Bonds. The loan is due on demand and bears interest at the prime rate. These notes are included in current portion-long term debt-due to affiliates.

In December 1990, Fred Trump, the father of Donald J. Trump, placed \$3,500,000 in cash on deposit with the Partnership's casino cage, which was recorded by the Partnership as a gaming patron deposit. Counter check(s) totaling \$3,500,000 were issued against the deposit, for which Fred Trump received gaming chips valued at \$3,500,000. These gaming chips were included in the outstanding chip liability on the Partnership's books at September 30, 1991.

The Casino Control Commission (CCC) has ruled that the transaction was, in fact, a loan from Fred Trump to the Partnership, and not a customer deposit. The Partnership has subsequently been fined by the CCC for its handling of the transaction.

NOTE 6 - OTHER ASSETS - (NET):  
(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Other Assets consist of:		
Deferred Loan Cost	\$ 377	\$ 436
Deferred Bond Costs (Net)	9,814	10,654
Other Non-Current Assets	768	724
	-----	-----
TOTAL OTHER ASSETS	\$10,959	\$11,814
	=====	=====

NOTE 7 - ACCOUNTS PAYABLE:  
(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Accounts Payable Trade	\$ 3,235	\$ 6,702
Patron Deposits	432	436
Other	180	276
	-----	-----
TOTAL ACCOUNTS PAYABLE	\$ 3,847	\$ 7,414
	=====	=====

NOTE 8 - OTHER ACCRUED EXPENSES:  
(In Thousands of Dollars)

	<u>1991</u>	<u>1990</u>
Other accrued expenses consist of:		
Accrued Payroll & Taxes	\$ 3,726	\$ 3,946
Accrued Interest	33,481	12,051
Accrued Advertising/Promotions	668	1,093
Accrued Progressive Jackpots	2,085	1,436
Accrued Sick/Vacation	4,043	4,372
Other	350	1,143
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	\$44,353	\$24,041
	=====	=====

**NOTE 9 - OTHER CURRENT LIABILITIES:**

(In Thousands of Dollars)

Other current liabilities consist of:	<u>1991</u>	<u>1990</u>
Outstanding Chip Liability	\$ 4,272	\$ 704
Outstanding Token Liability	628	308
Patron Deposits	97	115
Accrued Utilities	111	1,009
Accrued Group Health insurance	2,086	1,398
Accrued Insurance	1,553	1,953
A/P Other	2,906	3,283
Accrued Legal	694	736
Accrued CCC/DGE	415	557
Construction Retainage	204	404
Accrued Inventories	263	265
Accrued CRDA	101	98
	-----	-----
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>\$13,330</b>	<b>\$10,830</b>
	=====	=====

**NOTE 10 - NON-OPERATING INCOME (EXPENSES) - NET:**

(In Thousands of Dollars)

Non-operating income for quarter ended September 30, 1991:

	<u>Three Months</u>	
	<u>1991</u>	<u>1990</u>
Discount Earned	\$ 0	\$ 2
Interest Income	119	191
Gain/(Loss) Disp. of Equipment	(7)	0
Debt Restructuring	(2,229)	0
	-----	-----
	<b>\$ (2,117)</b>	<b>\$ 193</b>
	=====	=====

	<u>Nine Months</u>	
	<u>1991</u>	<u>1990</u>
Discount Earned	\$ 0	\$ 84
Interest Income	373	616
Gain/(Loss) Disp. of Equipment	51	(133)
Debt Restructuring	(2,853)	0
	-----	-----
	<b>\$ (2,429)</b>	<b>\$ 567</b>
	=====	=====

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

In May 1989, the New Jersey Casino Control Commission ("CCC") issued the Partnership a license to operate Trump Castle. A license is not transferable, is issued for a term of two years, and must be acted upon by the CCC no later than 30 days prior to the expiration of the license then in force. The continued operations of the Partnership are subject to its retaining its operating license.

On May 8, 1991, the CCC renewed the casino license of the Partnership through May 16, 1993, subject to the conditions that both the Partnership and Donald J. Trump demonstrate their financial stability through May 16, 1993 at a subsequent CCC proceeding. On June 20, 1991, the CCC determined that Donald J. Trump, as a natural person qualifier, had by clear and convincing evidence established his financial stability, integrity, and responsibility through May 16, 1993 but required that by July 31, 1991 Donald J. Trump file with the CCC and the Division final executed contracts effectuating agreements with certain lender banks to which Donald J. Trump and certain of his Affiliates are a party. On June 26, 1991, the CCC required that the Partnership (a) by July 31, 1991 agree upon definitive documentation reflecting a previously agreed upon outline of principal terms; (b) by July 31, 1991 file with the SEC the Registration Statement outlining a Plan of Reorganization; and (c) within forty-five days of the registration Statement being declared effective by the SEC, file a Petition with the United States Bankruptcy Court for approval of the Plan. No assurances can be given that the CCC will continue the casino license of the Partnership or, if continued, what conditions may be imposed and whether those conditions will be considered acceptable by the Partnership.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY OBLIGATIONS

The New Jersey Casino Control Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax.

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority (CRDA) or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

In April, 1990 the Partnership modified its agreement with the Casino Reinvestment Development Authority (CRDA) under which it is required to purchase bonds to satisfy the investment alternative tax on gross revenues.

Under the modified terms of the agreement, the Partnership has donated approximately \$9,588,000 in deposits to the CRDA in exchange for satisfaction of an equivalent amount of

its prior bond purchase commitments, as well as receiving future tax credits in the amount of approximately \$4,890,000 which credits are to be utilized to satisfy substantial portions of the Partnership's investment alternative tax obligations over approximately the next three to four quarters.

The Partnership made an additional donation of its existing CRDA deposits during the third quarter of 1991, totaling approximately \$524,000, in exchange for satisfaction of an equivalent amount of its prior bond purchase commitments, in addition to receiving future tax credits totaling approximately \$267,000.

As a result of this agreement, the Partnership has charged \$1,628,000 for the nine months ending September 30, 1991 to operations, which represents application of portion of the tax credits, as well as effect below market interest rates associated with the first and second quarter bond purchase commitment.

Additionally, the Partnership has charged \$257,000 and \$1,288,000 respectively to its 1991 and 1990 results to give effect to the CRDA donations. These charges represent the write down of the asset value of the CRDA deposits to the value of the tax credits issued to the Partnership by the CRDA.

#### ROADWAY IMPROVEMENTS

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of September 30, 1991, the Partnership had made contributions totaling approximately \$3,036,000.

#### NOTE 12 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 4% of the individual earnings. The Partnership recorded charges of approximately \$362,000 for matching contributions for the nine months ended September 30, 1991.

The Partnership made payments to various trustee pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of these plans.

Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plans unfunded liability, if any, if the plans are terminated.

NOTE 13 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for three months ended September 30, 1991 consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	85,400	\$ 2,989,000	3	\$ 1,700
Food	307,895	4,609,000	0	0
Beverage	179,330	1,564,000	0	0
Travel	0	0	0	0
Cash Coupons	0	0	715,671	5,882,000
Admissions	5,000	125,000	70	5,000
Other/Gifts	17,800	89,000	6,820	341,000
<b>TOTALS</b>	<b>595,425</b>	<b>\$ 9,376,000</b>	<b>722,564</b>	<b>\$ 6,229,700</b>

Promotional Allowances and Expenses and number of recipients for nine months ended September 30, 1991 consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	198,229	\$ 6,938,000	16	\$ 14,700
Food	779,400	11,691,000	0	0
Beverage	981,176	4,170,000	0	0
Travel	2,720	408,000	5,543	966,000
Cash Coupons	0	0	2,282,159	17,798,000
Admissions	33,400	835,000	115	9,000
Other/Gifts	47,600	238,000	26,980	1,349,000
<b>TOTALS</b>	<b>2,042,525</b>	<b>\$24,280,000</b>	<b>2,314,813</b>	<b>\$20,136,700</b>

NOTE 14 - JACKPOT PAYOUTS:

Jackpot payouts in the form of merchandise which are included in cost of goods and services consisted of the following:

For The Three Months  
Ended 9/30/91

	<u>Number of Recipients</u>	<u>Amount</u>
Motor Vehicles	0	\$ 0
	--	-----
TOTALS	0	\$ 0
	==	=====

For the Nine Months  
Ended 9/30/91

	<u>Number of Recipients</u>	<u>Amount</u>
Motor Vehicles	6	\$ 79,938
	--	-----
TOTALS	6	\$ 79,938
	==	=====

NOTE 15 - EXTRAORDINARY ITEM:

The Partnership elected to satisfy its sinking fund requirement of June 15, 1990 for the Series A-1 Bonds (Note 3) through open market purchases of said bonds. Several bond purchases were made during the period of December 1989 through June 1990, at varying degrees of discount from the original face value of the bond issue. The gain generated by these discounted purchases is presented an extraordinary item for these financial statements.

# HOTEL STATISTICS

FOR THE \_\_\_\_\_ MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	703	21,793	16,512	\$ 89.57	75.8 %	33,786	\$ 43.78
FEBRUARY	703	19,684	15,926	\$ 68.85	80.9 %	33,161	\$ 33.07
MARCH	703	21,793	16,517	\$ 65.22	75.8 %	35,282	\$ 30.53
1ST QUARTER TOTALS		63,270	48,955	\$ 74.61	77.4 %	102,229	\$ 35.73
APRIL	703	21,090	19,418	\$ 68.45	92.1 %	41,143	\$ 32.29
MAY	703	21,793	16,844	\$ 49.21	77.3 %	34,655	\$ 23.92
JUNE	703	21,090	19,506	\$ 70.81	92.5 %	41,503	\$ 33.28
2ND QUARTER TOTALS		63,973	55,768	\$ 63.46	87.2 %	117,301	\$ 30.17
JULY	703	21,793	20,998	\$ 85.07	96.4 %	44,614	\$ 40.04
AUGUST	703	21,793	20,408	\$ 86.84	93.6 %	39,518	\$ 44.85
SEPTEMBER	703	21,090	18,993	\$ 69.14	90.1 %	36,087	\$ 36.39
3RD QUARTER TOTALS		64,676	60,399	\$ 80.66	93.4 %	120,219	\$ 40.52
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

# QUARTERLY REPORT

NEW JERSEY

DEC - 9 1991

185 W. STATE ST.  
TRENTON, NJ

LICENSEE TRUMP PLAZA HOTEL & CASINO  
ADDRESS MISSISSIPPI AVENUE & BOARDWALK  
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . . FRANCIS X. MCCARTHY, JR.  
OFFICIAL TITLE . . . . . SENIOR VICE PRESIDENT OF FINANCE & ADMINISTRATION  
ADDRESS . . . . . MISSISSIPPI AVENUE & BOARDWALK  
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1991

	(a) 1991	(a) 1990
<b>ASSETS</b>		
Direct Assets:		
Cash	\$ 24,767	\$ 18,231
Marketable securities		
Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$18,945; 1990, \$18,369)	15,277	15,277
Prepaid expenses		
Other assets		
<b>Balance Sheets</b>		FORM NO.
Statements of Income (Year-to-Date)		CCC-205
Statements of Income (Three Months)		CCC-210
Statements of Changes in Partners' or Proprietor's Equity		CCC-215
Statements of Cash Flows		CCC-225
Notes to Financial Statements		CCC-235
Schedule of Receivables and Patron's Checks		CCC-240
Statement of Conformity and Accuracy		CCC-250
Indirect Assets:		
Accounts payable	\$ 5,817	\$ 6,817
Notes payable	897	131
Current portion of long-term debt		
Due to affiliates	25,000	25,000
Other	9,409	4,561
Patrons' taxes payable and accrued		
Other accrued expenses	21,917	17,193
Other current liabilities	11,247	17,161
<b>Total current liabilities</b>	<b>68,287</b>	<b>71,813</b>
Long-Term Debt:		
Due to affiliates	300,000	325,000
Other	11,435	24,637
<b>Total Long-Term Debt</b>	<b>311,435</b>	<b>349,637</b>
Other Liabilities		
Commitments and Contingencies		
<b>Total Liabilities</b>	<b>379,724</b>	<b>421,451</b>
Partners', Partners', or Proprietor's Equity	74,200	38,120
<b>Total Liabilities and Equity</b>	<b>453,924</b>	<b>459,571</b>

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

**BALANCE SHEETS**

SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	<b>ASSETS</b>		
	Current Assets:	\$	\$
1	Cash.....	19,769	18,265
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$19,946; 1990, \$16,389).....	15,276	19,726
4	Inventories.....	2,832	4,089
5	Prepaid expenses and other current assets....(Note 2)...	4,223	9,285
6	Total current assets.....	42,100	51,365
7	Investments, Advances, and Receivables.....(Note 3)...	6,282	4,907
8	Property and Equipment - Net.....(Note 4)...	308,377	319,530
9	Other Assets.....(Note 5)...	38,844	39,088
10	Total Assets.....	<u>\$395,603</u>	<u>\$414,890</u>
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:	\$	\$
11	Accounts payable.....	5,657	6,225
12	Notes payable.....	897	355
	Current portion of long-term debt:		
13	Due to affiliates.....(Note 8)...	25,000	25,000
14	Other.....(Note 9)...	9,498	4,663
15	Income taxes payable and accrued.....	-	-
16	Other accrued expenses.....(Note 6)...	27,919	27,493
17	Other current liabilities.....(Note 7)...	11,247	12,063
18	Total current liabilities.....	80,218	75,799
	Long-Term Debt:		
19	Due to affiliates.....(Note 8)...	200,000	225,000
20	Other.....(Note 9)...	37,639	20,605
21	Deferred Credits.....(Note 10)...	2,751	4,500
22	Other Liabilities.....	-	-
23	Commitments and Contingencies (Note 14)		
24	Total Liabilities.....	320,608	325,904
25	Stockholders', Partners', or Proprietor's Equity.....	74,995	88,986
26	Total Liabilities and Equity.....	<u>\$395,603</u>	<u>\$414,890</u>

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

**STATEMENTS OF INCOME**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	180,616	216,272
2	Rooms.....	20,685	18,895
3	Food and beverage.....	32,438	35,134
4	Other.....	6,035	12,462
5	Total revenue.....	239,774	282,763
6	Less: Promotional allowances.....(Note 11)..	27,520	37,748
7	Net revenue.....	212,254	245,015
	Costs and Expenses:		
8	Costs of goods and services.....	112,193	128,229
9	Selling, general, and administrative.....	59,334	68,466
10	Provision for doubtful accounts.....	4,223	3,940
11	Depreciation and amortization.....	12,084	12,725
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(Note 14)....	6,446	2,064
14	Total costs and expenses.....	194,280	215,424
15	Income (Loss) from Operations.....	17,974	29,591
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note 12)....	(23,203)	(24,141)
17	Interest (expense) - external.....	(2,677)	(1,756)
18	Investment alternative tax and related income (expense) - net.....(Note 14)....	(1,870)	(4,308)
19	Nonoperating income (expense) - net.....(Note 13)....	656	3,570
20	Total other income (expenses).....	(27,094)	(26,635)
21	Income (Loss) before Income Taxes and Extraordinary Items.	(9,120)	2,956
22	Provision (credit) for income taxes.....(Note 15)....	(842)	308
23	Income (Loss) before Extraordinary Items.....	(8,278)	2,648
24	Extraordinary items (net of income taxes - 1991, \$ - ; 1990, \$ - ).....	-	-
25	Net Income (Loss).....	<u>\$ (8,278)</u>	<u>\$ 2,648</u>

\* Certain reclassifications have been made in the prior period Financial Statements in order to conform with the presentation used in the current period.

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Revenue:	\$	\$
1	Casino.....	69,179	71,419
2	Rooms.....	8,384	8,151
3	Food and beverage.....	11,674	12,178
4	Other.....	2,426	3,141
5	Total revenue.....	91,663	94,889
6	Less: Promotional allowances.....(Note 11)..	9,784	14,314
7	Net revenue.....	81,879	80,575
	Costs and Expenses:		
8	Costs of goods and services.....	38,425	40,150
9	Selling, general, and administrative.....	18,959	21,298
10	Provision for doubtful accounts.....	1,362	1,341
11	Depreciation and amortization.....	4,046	4,042
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(Note 14)....	2,131	1,034
14	Total costs and expenses.....	64,923	67,865
15	Income (Loss) from Operations.....	16,956	12,710
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note 12)....	(7,243)	(8,047)
17	Interest (expense) - external.....	(1,327)	(673)
18	Investment alternative tax and related income (expense) - net.....(Note 14)....	(725)	(784)
19	Nonoperating income (expense) - net.....(Note 13)....	89	2,816
20	Total other income (expenses).....	(9,206)	(6,688)
21	Income (Loss) before Income Taxes and Extraordinary Items.....	7,750	6,022
22	Provision (credit) for income taxes.....(Note 15)....	697	576
23	Income (Loss) before Extraordinary Items.....	7,053	5,446
24	Extraordinary items (net of income taxes - 1991, \$ - ; 1990, \$ - ).....	-	-
25	Net Income (Loss).....	<u>\$ 7,053</u>	<u>\$ 5,446</u>

\* Certain reclassifications have been made in the prior period Financial Statements in order to conform with the presentation used in the current period.

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

**STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Invested Capital:	\$	\$
1	Beginning balance (January 1).....	50,707	50,707
2	Additional capital invested.....	-	-
3	.....	-	-
4	Ending balance.....	50,707	50,707
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....	79,741	90,332
6	Prior period adjustments.....	-	-
7	Net income (loss).....	(8,278)	2,648
8	.....	-	-
9	Ending balance.....	71,463	92,980
	Capital Withdrawals:		
10	Beginning balance (January 1).....	(47,175)	(52,558)
11	Additional capital withdrawals.....	-	(2,143)
12	.....	-	-
13	Ending balance.....	(47,175)	(54,701)
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	-	-
15	.....	-	-
16	.....	-	-
17	Ending balance.....	-	-
18	Ending Partners' Or Proprietor's Equity.....	<u>\$ 74,995</u>	<u>\$ 88,986</u>

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
1	Net Cash Provided (Used) by Operating Activities	\$ 16,573	\$ 12,666
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities.....	-	-
3	Proceeds from the sale of short-term invest. securities.	-	-
4	Cash outflows for property and equipment.....	(3,424)	(9,991)
5	Proceeds from disposition of property and equipment.....	149	152
6	Purchase of casino reinvestment obligations.....	(477)	(1,119)
7	Purchase of other investments and loans/advances made...	(922)	(2,944)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	-	-
9	Cash outflows to acquire business entities.....	-	-
10	Casino Reinvestment Obligation Donation .....	-	11,971
11		-	-
12	Net Cash Provided (Used) by Investing Activities.....	(4,674)	(1,931)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	1,351	872
14	Payments to settle short-term debt.....	(507)	(2,826)
15	Cash proceeds from issuance of long-term debt.....	25,000	-
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(27,979)	-
18	Cash proceeds from issuing stock or capital contribution	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	(2,143)
21		-	-
22		-	-
23	Net Cash Provided (Used) by Financing Activities.....	(2,135)	(4,097)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	9,764	6,638
25	Cash and Cash Equivalents at Beginning of Period.....	10,005	11,627
26	Cash and Cash Equivalents at End of Period.....	<u>\$ 19,769</u>	<u>\$ 18,265</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 17,938	\$ 18,162
28	Income taxes.....	\$ -	\$ 1,900

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	Net Cash Flows from Operating Activities:		
29	Net income (loss).....	\$ (8,278)	\$ 2,648
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment.....	11,398	12,010
31	Amortization of other assets.....	686	715
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	-	-
34	Deferred income taxes - noncurrent.....	(779)	279
35	(Gain) loss on disposition of property and equipment..	95	(31)
36	(Gain) loss on casino reinvestment obligation.....	1,870	2,433
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons'... checks.....	2,503	(7,239)
39	Net (increase) decrease in inventories.....	269	127
40	Net (increase) decrease in other current assets.....	427	(7,049)
41	Net (increase) decrease in other assets.....	(1,298)	(58)
42	Net (increase) decrease in accounts payables.....	(2,247)	2,033
43	Net (increase) decrease in other current liabilities.. excluding debt.....	11,927	6,798
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	-
45		-	-
46		-	-
47	Net Cash Provided (Used) by Operating Activities.....	<u>\$ 16,573</u>	<u>\$ 12,666</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

	Acquisition of Property and Equipment:		
48	Additions to property and equipment.....	\$ (3,424)	\$ (10,270)
49	Less: Capital lease obligations incurred.....	-	279
50	Cash Outflows for Property and Equipment.....	<u>\$ (3,424)</u>	<u>\$ (9,991)</u>
	Acquisition of Business Entities:		
51	Property and equipment acquired.....	\$ -	\$ -
52	Goodwill acquired.....	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.....	-	-
54	Long-term debt assumed.....	-	-
55	Issuance of stock or capital invested.....	-	-
56	Cash Outflows to Acquire Business Entities.....	<u>\$ -</u>	<u>\$ -</u>
	Stock Issued or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$ -	\$ -
58	Less: Issuances to settle long-term debt.....	-	-
59	Consideration in acquisition of business entities	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions.	<u>\$ -</u>	<u>\$ -</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates, (the Company), doing business as Trump Plaza Hotel and Casino, operates as a general partnership.

B. Disclosures Not Presented

Certain footnotes have not been presented in these Notes to Financial Statements since they would duplicate the disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1990. The footnotes excluded are Summary of Significant Accounting Policies (except for Organization), and Employee Benefit Plans.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Prepaid taxes	\$ 627,000	\$1,985,000
Prepaid insurance	1,265,000	875,000
Prepaid air transportation costs	62,000	297,000
Prepaid rent	10,000	175,000
Prepaid advertising costs	141,000	47,000
Prepaid special event costs	32,000	2,424,000
Prepaid CRDA expense	1,669,000	3,041,000
Prepaid service contracts	125,000	128,000
Prepaid sewerage costs	199,000	45,000
Other	93,000	268,000
	<u>\$4,223,000</u>	<u>\$9,285,000</u>

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Advances due from -		
Seashore Four Associates	\$ -	\$ 16,000
Trump Seashore Associates	1,365,000	1,373,000
The Trump Organization	14,000	-
Trump Taj Mahal Associates	-	782,000
Helicopter Air Services, Inc.	365,000	121,000
Trump Sports & Entertainment	-	73,000
Trump Crystal Tower Associates	-	365,000
Other Affiliated Companies	9,000	22,000
Due from Partners	1,842,000	-
Casino reinvestment bonds and escrow deposit, net of valuation adjustment - (1991) \$1,340,000; (1990) \$1,074,000	<u>2,687,000</u>	<u>2,155,000</u>
	<u>\$6,282,000</u>	<u>\$4,907,000</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Land and land improvements	\$ 34,747,000	\$ 34,747,000
Buildings	292,206,000	291,736,000
Furniture, fixtures and equipment	68,387,000	65,431,000
Leasehold improvements	2,378,000	2,378,000
Construction in progress	1,882,000	1,873,000
	<u>399,600,000</u>	<u>396,165,000</u>
Less - Accumulated depreciation & amortization	<u>(91,223,000)</u>	<u>(76,635,000)</u>
Net property and equipment	<u>\$308,377,000</u>	<u>\$319,530,000</u>

NOTE 5: OTHER ASSETS

Other assets as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Land rights, net	\$ 30,890,000	\$ 31,259,000
Debt issuance costs, net	5,704,000	6,214,000
Deposits	613,000	226,000
Other deferred charges	1,637,000	1,389,000
	<u>\$ 38,844,000</u>	<u>\$ 39,088,000</u>

NOTE 6: OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Accrued payroll	\$ 6,881,000	\$ 7,616,000
Accrued progressive jackpot liabilities	4,912,000	4,662,000
Accrued interest	8,737,000	9,556,000
Accrued gaming taxes payable	293,000	424,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	494,000	625,000
Accrued utilities	263,000	521,000
Accrued union benefits	182,000	238,000
Accrued health insurance benefits	203,000	917,000
Accrued sales, use & luxury tax	1,291,000	236,000
Accrued transportation costs	-	500,000
Accrued legal costs	196,000	318,000
Accrued special event costs	535,000	499,000
Accrued rent	1,943,000	-
Accrued repairs & maintenance cost	133,000	241,000
Accrued uniforms	60,000	142,000
Accrued bank service charges	46,000	93,000
Other	1,750,000	905,000
	<u>\$ 27,919,000</u>	<u>\$ 27,493,000</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 7: OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Unredeemed chip/token liability	\$ 3,185,000	\$ 2,787,000
Patron deposits	242,000	387,000
Casino reinvestment liability	189,000	117,000
Reserve for insurance claims	1,952,000	2,193,000
Due to Partners	-	5,684,000
Advance room/theatre deposits	1,029,000	322,000
Advances due to Trump's Castle Associates	384,000	116,000
Advances due to Trump Penthouse Parcel	43,000	24,000
Advances due to Seashore Four Associates	549,000	-
Advances due to Taj Mahal Associates	192,000	-
Advances due to Trump Crystal Tower Associates	2,939,000	-
Unclaimed wages	311,000	267,000
Other	232,000	166,000
	<u>\$ 11,247,000</u>	<u>\$ 12,063,000</u>

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

Long-term debt-due to affiliates as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
12 7/8% promissory note, interest payable semi-annually, sinking fund payments to retire \$25,000,000 principal amount annually commenced June 15, 1991 and are calculated to retire 70% of the promissory note prior to maturity in 1998.	\$225,000,000	\$250,000,000
Less current maturities	<u>25,000,000</u>	<u>25,000,000</u>
	<u>\$200,000,000</u>	<u>\$225,000,000</u>

As more fully described below, the Company satisfied its initial \$25,000,000 Sinking Fund requirement through the issuance of promissory notes payable to Belmont Fund, L.P., a Bermuda Limited Partnership ("Belmont"), and Fidelity Capital & Income Fund ("Fidelity"), a mutual fund business trust in the amount of \$5,125,000 and \$19,875,000, respectively, for an equivalent amount of Bonds.

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of September 30 consisted of the following:

	<u>1991</u>	<u>1990</u>
Promissory notes payable, interest payable monthly, maturing in 1996. (A)	\$ 25,000,000	\$ -

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 9: LONG-TERM DEBT - OTHER, continued

10% note payable to Harrah's Atlantic City, Inc., interest payable monthly, maturing in 1993 (B)	11,859,000	14,401,000
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 10.0% to 11.0%. The notes are due at various dates between 1991 and 1998 and are secured by certain real property.	10,259,000	10,642,000
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by automobile equipment	19,000	225,000
	47,137,000	25,268,000
Less current maturities	9,498,000	4,663,000
	<u>\$ 37,639,000</u>	<u>\$ 20,605,000</u>

- (A) On May 30, 1991, the Company issued promissory notes ("The 1991 Notes") payable to Belmont and Fidelity in the principal amounts of \$5,125,000 and \$19,875,000, respectively. Interest on the notes is payable monthly and commenced July 15, 1991 and continue to May 30, 1992 at a rate of 11% (12% until May 30, 1993 and 12-7/8% until maturity on September 30, 1996) on the outstanding principal balance. Subsequent to the maturity date or in the event the principal balance becomes due at an earlier date, interest will be payable on any overdue principal at the prime rate plus five (5%) per annum.

The 1991 notes were issued in exchange for \$25,000,000 in principal amount of the Company's mortgage bonds held by Fidelity Management and Research Company. This exchange satisfied the Company's June 15, 1991 Sinking Fund requirement.

The 1991 notes are secured by a mortgage (senior to the lien of the Bond Mortgage, but subordinate to mortgages on certain real property). In addition, the 1991 notes provide; (i) for a mandatory prepayment on April 1 of each year commencing on April 1, 1992 in an amount equal to 50% of the Company's excess cash flow, as defined, in excess of \$75,000,000; and (ii) for the mandatory prepayment of all or a portion thereof in the event all or a portion of the Bonds are redeemed.

- (B) Interest on the note accrues at a rate of 10% per annum and is payable monthly. Payments of the original principal amounts are scheduled as follows:

1992	\$ 3,388,000
1993	<u>8,471,000</u>
	<u>\$ 11,859,000</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 10: DEFERRED CREDITS

Deferred credits as of September 30, 1991 and 1990 consisted of deferred state income taxes.

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three months and nine months ended September 30, 1991 consisted of the following:

Three months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	23,749	\$ 3,121,000	-	\$ -
Food	460,051	3,963,000	-	-
Beverage	753,545	2,261,000	-	-
Travel	-	-	5,420	813,000
Theatre	14,699	362,000	393	16,000
Coin Bonus	-	-	601,365	4,232,000
Tips	-	-	3,131	125,000
Player Gifts	-	-	5	446,000
Other	7,922	77,000	1,934	48,000
<b>TOTAL</b>	<b>1,259,966</b>	<b>\$9,784,000</b>	<b>612,248</b>	<b>\$5,680,000</b>

Nine months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	63,355	\$ 8,368,000	721	\$ 54,000
Food	1,136,410	11,712,000	-	-
Beverage	2,090,916	6,273,000	-	-
Travel	-	-	26,751	4,012,000
Theatre	235,336	946,000	21,624	865,000
Coin Bonus	-	-	1,804,202	14,664,000
Tips	-	-	9,489	379,000
Player Gifts	-	-	15	859,000
Other	22,398	221,000	9,444	315,000
<b>TOTAL</b>	<b>3,548,415</b>	<b>\$27,520,000</b>	<b>1,872,246</b>	<b>\$21,148,000</b>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense) - Affiliates for the nine months ended September 30, 1991 and 1990 consisted of the 12-7/8% promissory note due in the principal amount of \$225,000,000 to Trump Plaza Funding, Inc.

NOTE 13: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three months and nine months ended September 30, consisted of the following:

	Three months ended		Nine months ended	
	1991	1990	1991	1990
Interest income	\$139,000	\$ 267,000	\$404,000	\$ 962,000
Gain (Loss) on disposal of property and equipment	(94,000)	8,000	(95,000)	31,000
Other nonoperating income	<u>44,000</u>	<u>2,541,000</u>	<u>347,000</u>	<u>2,577,000</u>
	<u>\$ 89,000</u>	<u>\$2,816,000</u>	<u>\$656,000</u>	<u>\$3,570,000</u>

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Leases

On August 21, 1990, the Company entered into an agreement (the "Regency Lease") with Trump Crystal Tower Associates Limited Partnership, ("TCTA") an affiliate of the Company pursuant to which the Company currently leases and operates the Trump Regency Hotel ("Hotel") through April 30, 1994. The Hotel contains approximately 500 guest rooms, four restaurants (three of which are not in service), a ballroom and related function rooms, a cabaret theatre and an indoor swimming pool and health club. The Regency Lease requires the Company to pay, in addition to the monthly base rent described below, all costs and expenses with respect to the use and operation of the Hotel, and entitles the Company to all revenues generated from the operation of the Hotel. For the nine months ended September 30, 1991, the Company incurred \$6,282,000 of costs and expenses in excess of revenues as a result of the rental and operation of the Hotel.

The monthly base rent under the Regency Lease is an amount equal to a percentage (50% until April 30, 1991; 75% until April 30, 1992; and 100% thereafter) of the interest payable, from time to time, on the outstanding principal balance of a mortgage loan made by a bank to TCTA which, as of September 30, 1991, had an outstanding principal balance of approximately \$80,382,000. Interest on such loan accrues at the prime rate plus 0.25% per annum. For the nine months ended September 30, 1991, the aggregate base rent relating to the Regency Lease totalled approximately \$3,496,000.

NOTE 14: COMMITMENTS AND CONTINGENCIES, continued

A. Leases

As of November 1991, the Company was in default under the Regency Lease with respect to the base rental payments due for the months of February through November 1991 totalling approximately \$4,002,000. The Regency Lease provides that if such default is not cured (and all installments of monthly base rent thereafter becoming due are not paid) TCTA may, on 10 days notice to the Company, remove the Company from the property, terminate the Regency Lease and immediately recover from the Company damages in an amount equal to all base rent payable under the Regency Lease from the date of termination thereof through the expiration of the term of the Regency Lease. As of November 14, 1991, TCTA had not exercised any of such rights under the Regency Lease.

In connection with a proposed restructuring of various obligations of Mr. Trump and his affiliates, including the Regency Loan, TCTA and the bank have agreed to amend certain provisions of the Regency Lease and the Regency Loan (the "Amendments"). In connection with the Amendments, TCTA will grant the bank an option, exercisable through February 1, 2000, to acquire the Trump Regency Hotel for no additional consideration. The bank will have the right to take any action it deems advisable in connection with a sale of the Hotel.

As part of the Amendments, rent payable under the Regency Lease will be modified to provide for a minimum required annual payment of \$1,000,000, with total payments equal to 25% of "Cash Available for Lease Payments" up to \$5,000,000 and 50% of Cash Available for Lease Payments in excess of \$5,000,000, not to exceed the base rent. "Cash Available for Lease Payments" is defined generally as being equal to net revenues, plus interest income, new debt, the provision for losses on receivables and certain lease payments to affiliates, less operating and other expenses, mandatory sinking fund payments on Bonds, specified interest payments, certain capital expenses and state taxes actually paid.

The Company intends to dispose of the Trump Regency as soon as possible, which it believes is adverse to its operations.

B. Casino Reinvestment Development Authority Obligations

The Company's future tax credits, resulting from the April 1990 modified agreement with the CRDA, at September 30, 1991 amounted to \$1,669,000 which is included as other current assets in the accompanying balance sheets, to be utilized to satisfy substantial portions of the Company's investment alternative tax obligations over the subsequent two to three quarters.

For the nine months ended September 30, 1991, the Company charged \$1,704,000 to operations to give effect to the utilization of tax credits received in connection with the donation. As a result of this agreement, the Company had for nine months ended September 30, 1990 charged \$1,875,000 as an investment alternative tax expense to reduce deposits previously made to the amount of the future tax credits received.

Investments, advances and receivables also include \$2,147,000 of below market interest rate bonds issued by the CRDA and \$1,880,000 of deposits paid towards the purchase of below market interest rate bonds.

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 14: COMMITMENTS AND CONTINGENCIES, continued

C. Casino License Renewal

The Company, as a casino licensee, is subject to regulation, qualification and licensing by the New Jersey Casino Control Commission (the "CCC"). The casino license of the Company must be renewed every two years, is not transferable, requires a review of the financial stability of the Company and its qualifiers and can be revoked at any time. Upon revocation, suspension for more than 120 days or failure of refusal to renew the casino license due to the financial condition of the Company or for any other reason, the Casino Control Act provides that the CCC may appoint a conservator to take over and into his possession and control and to become vested with the title to all of the property and businesses of the Company relating to the casino and approved hotel facility subject to all valid liens, claims and encumbrances.

Effective May, 1984, the CCC issued the Company its initial casino license. The continued operations of the Company are subject to its retaining its casino license.

On May 8, 1991, the CCC renewed the casino license of the Company through May 16, 1993 subject to certain conditions including that the Company and Donald J. Trump subsequently demonstrate their financial stability through the end of the license period. On June 20, 1991, the CCC found that, subject to the certain conditions, the Company and Donald J. Trump had so demonstrated their financial stability.

With regard to Donald J. Trump, the conditions include that, by July 31, 1991, final executed contract effectuating June 11, 1991 term sheets between Donald J. Trump and certain banks be filed with the CCC and the Division which contracts, on July 31, 1991, were so filed.

With regard to the Company, the conditions include that, by July 31, 1991, the Company shall obtain a commitment for a \$10,000,000 line of credit.

The Partnership is negotiating with a bank to obtain up to \$10,000,000 of working capital on a revolving credit basis. Such bank will require satisfactory collateral, however, prior to making any such loan and there can be no assurances that such condition will be satisfied.

No assurances can be given as to what further license conditions may be imposed by the CCC or whether those conditions will be considered acceptable to the Company.

NOTE 15: PROVISION (CREDIT) FOR INCOME TAXES

The provision (credit) for state income taxes for the three and nine months ended September 30, consisted of the following:

	Three months ended		Nine months ended	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
Current	\$ 1,000	\$ 442,000	\$ (63,000)	\$ 29,000
Deferred	<u>696,000</u>	<u>134,000</u>	<u>(779,000)</u>	<u>279,000</u>
Total	<u>\$ 697,000</u>	<u>\$ 576,000</u>	<u>\$ (842,000)</u>	<u>\$ 308,000</u>

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

SEPTEMBER 30, 1991

STATE OF NEW JERSEY

(UNAUDITED)

COUNTY OF ATLANTIC

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCTS. REC. NET OF ALLOW. (e)
1	Patrons' Checks: Undeposited patrons' checks.....	\$ 7,398		
2	Returned patrons' checks.....	23,259		
3	Total patrons' checks.....	30,657	\$19,694	\$10,963
4	Hotel Receivables.....	2,536	252	2,284
5	Other Receivables Receivables due from officers & emps.	33		
6	Receivables due from affiliates.....	-		
7	Other accounts and notes receivables.....	1,996		
8	Total other receivables.....	2,029		2,029
9	Totals (Form 205).....	\$35,222	\$19,946	\$15,276

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 8,573
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	148,442
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(108,050)
13	Checks collected through deposits.....	(34,572)
14	Checks transferred to returned checks.....	(6,994)
15	Other adjustments.....	
16	Ending Balance.....	\$ 7,399
17	"Hold Checks included in Balance on Line 16.....	\$ 0
18	Provision for Uncollectible Patrons' Checks.....	\$ 4,116
19	Provision as a Percent of Counter Checks Issued.....	2.8%

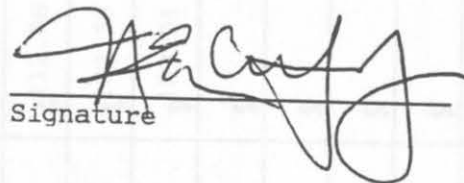
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:ss.  
COUNTY OF ATLANTIC :

FRANCIS X. MCCARTHY, JR., being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

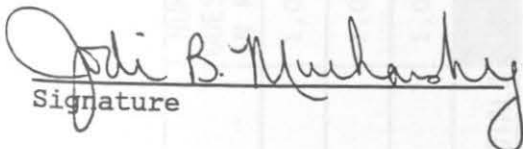
  
Signature

SR. VP OF FINANCE & ADMIN.  
Title

001015-11  
License Number

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of November, 1991

On Behalf Of:

  
Signature

TRUMP PLAZA ASSOCIATES  
Casino Licensee

**JODI B. MUCHARSKY**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Sept. 22, 1996

Basis of Authority  
to Take Oaths

## HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1991

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,056	32,736	21,848	\$ 75.36	66.7 %	43,696	\$ 37.68
FEBRUARY	1,056	29,568	24,982	\$ 72.52	84.5 %	49,964	\$ 36.26
MARCH	1,056	32,736	25,580	\$ 86.78	78.1 %	51,160	\$ 43.39
1ST QUARTER TOTALS		95,040	72,410	\$ 78.41	76.2 %	144,820	\$ 39.21
APRIL	1,056	31,680	24,181	\$ 89.00	76.3 %	48,362	\$ 44.50
MAY	1,056	32,736	21,904	\$ 96.73	66.9 %	43,808	\$ 48.37
JUNE	1,056	31,680	24,181	\$ 97.43	76.3 %	48,362	\$ 48.71
2ND QUARTER TOTALS		96,096	70,266	\$ 94.31	73.1 %	140,532	\$ 47.15
JULY	1,056	32,736	25,105	\$ 110.40	76.7 %	50,210	\$ 55.20
AUGUST	1,056	32,736	27,613	\$ 112.58	84.4 %	55,226	\$ 56.29
SEPTEMBER	1,056	31,680	24,170	\$ 103.59	76.3 %	48,340	\$ 51.79
3RD QUARTER TOTALS		97,152	76,888	\$ 109.04	79.1 %	153,776	\$ 54.52
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901  
C193

**QUARTERLY REPORT**

DEC - 9 1991

185 W. STATE ST.

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

**FOR THE QUARTER ENDED SEPTEMBER 30, 1991**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**

RECEIVED  
NEW JERSEY  
NOV 18 Rec'd  
CASINO CONTROL COMMISSION

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT.....

R. BRUCE MCKEE

OFFICIAL TITLE.....

VICE PRESIDENT - FINANCE

ADDRESS.....

1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 1991.

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

# BALANCE SHEETS

SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	SEPTEMBER (c) 1991	SEPTEMBER (d) 1990
<b>ASSETS</b>			
Current Assets:			
1	Cash and cash investments.....	\$ 27,930	\$ 22,726
2	Marketable securities.....	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1991, \$9,664; 1990, \$3,781).....	17,410	16,308
4	Inventories.....	3,275	5,876
5	Prepaid expenses and other current assets.....	3,300	5,827
6	Total current assets.....	51,915	50,737
7	Investment, Advances, and Receivables - CRDA.....	1,259	0
8	Property and Equipment - Net..... NOTE 2.....	772,860	811,788
9	Other Assets.....	936	56,050
10	Total Assets.....	\$ 826,970	\$ 918,575
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities:			
11	Accounts Payable.....	\$ 10,216	\$ 29,882
12	Notes Payable.....	0	38,254
Current portion of long-term debt:			
13	Due to affiliates..... NOTE 1 & 3.....	0	675,000
14	Other..... NOTE 1 & 3.....	690	45,161
15	Income taxes payable and accrued.....	0	0
16	Other accrued expenses..... NOTE 4.....	38,662	57,508 *
17	Other current liabilities..... NOTE 5.....	6,216	21,324 *
18	Total current liabilities.....	55,784	867,129
Long-Term Debt:			
19	Due to affiliates..... NOTE 1 & 3.....	525,182	25,000
20	Other..... NOTE 1 & 3.....	45,963	1,068
21	Deferred Credits.....	0	0
22	Other Liabilities..... NOTE 1.....	16,258	0
23	Commitments and Contingencies..... NOTE 1.....		
24	Total Liabilities.....	643,187	893,197
25	Stockholders', Partners', or Proprietor's Equity.....	183,783	25,378
26	Total Liabilities and Equity.....	\$ 826,970	\$ 918,575

\* Certain reclassifications have been made to the 1990 financial statement to conform to the 1991 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	REVENUE:	\$	\$
1	Casino.....	293,785	212,982 **
2	Rooms.....	31,860	25,236
3	Food and Beverage.....	44,981	42,703
4	Other.....	8,751	8,636 **
5	Total Revenue.....	379,377	289,557
6	Less: Promotional allowances..... NOTE 6.....	42,134	35,051
7	Net Revenue.....	337,243	254,506
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	157,046	126,552 **
9	Selling, General and Administrative.....	92,804	66,125 **
10	Provision for Doubtful Accounts.....	6,386	3,784
11	Depreciation and Amortization.....	27,071	25,787
	Charges from Affiliates other than Interest:	-	-
12	Management Fees..... NOTE 5.....	4,179	5,070
13	Other..... NOTE 8.....	1,916	738 **
14	Total Costs and Expenses.....	289,402	228,056
15	Income (Loss) From Operations.....	47,841	26,450
	Other Income (Expenses):		
16	Interest (Expenses) - Affiliates..... NOTE 3.....	(72,585)	(48,292)
17	Interest (Expenses) - External..... NOTE 3.....	(3,283)	(4,360)
18	Investment Alternative Tax and Related Income (Expense) - Net.....	(1,259)	-
19	Nonoperating Income (Expense) - Net..... NOTE 7.....	(25,853)	743 **
20	Total other Income (Expenses).....	(102,980)	(51,909)
21	Income (Loss) Before Income Taxes and Extraordinary Items.....	(55,139)	(25,459)
22	Provision (Credit) for Income Taxes.....	-	-
23	Income (Loss) Before Extraordinary Items.....	(55,139)	(25,459)
24	Extraordinary Items (Net of Incomes Taxes - 1991, \$7,155)..... NOTE 1.....	259,618	-
25	Net Income (Loss).....	\$ 204,479	\$ (25,459)

\* 1990 includes 6 months from Inception April 2, 1990 through September 30, 1990.

\*\* Certain reclassifications have been made to the 1990 financial statement to conform to the 1991 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990
	REVENUE:	\$	\$
1	Casino.....	108,175	108,528 *
2	Rooms.....	12,017	13,158
3	Food and Beverage.....	15,622	21,409
4	Other.....	3,328	4,388 *
5	Total Revenue.....	139,142	147,483
6	Less: Promotional allowances..... NOTE 6.....	13,248	18,490
7	Net Revenue.....	125,894	128,993
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	55,960	63,188 *
9	Selling, General and Administrative.....	28,414	32,409 *
10	Provision for Doubtful Accounts.....	2,539	2,348
11	Depreciation and Amortization.....	9,083	12,302
	Charges from Affiliates other than Interest:		
12	Management Fees..... NOTE 1.....	-	2,584
13	Other..... NOTE 8.....	961	158 *
14	Total Costs and Expenses.....	96,957	112,989
15	Income (Loss) From Operations.....	28,937	16,004
	Other Income (Expenses):		
16	Interest (Expenses) - Affiliates..... NOTE 3.....	(24,200)	(24,250)
17	Interest (Expenses) - External..... NOTE 3.....	366	(3,028)
18	Investment Alternative Tax and Related Income (Expense) - Net.....	(639)	0
19	Nonoperating Income (Expense) - Net..... NOTE 7.....	(16,954)	231 *
20	Total other Income (Expenses).....	(41,427)	(27,047)
21	Income (Loss) Before Income Taxes and Extraordinary Items.....	(12,490)	(11,043)
22	Provision (Credit) for Income Taxes.....	-	-
23	Income (Loss) Before Extraordinary Items.....	(12,490)	(11,043)
24	Extraordinary Items (Net of Incomes Taxes - 1991, \$7,155)..... NOTE 1.....	259,618	-
25	Net Income (Loss).....	\$ 247,128	\$ (11,043)

\* Certain reclassifications have been made to the 1990 financial statement to conform to the 1991 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 1991

UNAUDITED

(\$ IN THOUSANDS)

## NOT APPLICABLE

LINE	DESCRIPTION	19		19	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	Common Stock:				
1	Beginning Balance (January 1).....		\$		\$
2	Sale of Stock.....				
3	.....				
4	Ending Balance.....				
	Preferred Stock:				
5	Beginning Balance (January 1).....				
6	Sale of Stock.....				
7	.....				
8	Ending Balance.....				
	Additional Paid-in Capital:				
9	Beginning Balance (January 1).....				
10	.....				
11	.....				
12	Ending Balance.....				
	Treasury Stock:				
13	Beginning Balance (January 1).....		( )		( )
14	Purchase of Additional Stock.....		( )		( )
15	Sale or Retirement of Stock.....				
16	Ending Balance.....		( )		( )
	Subscriptions Receivable for Capital Stock:				
17	Beginning Balance (January 1).....		( )		( )
18	.....				
19	.....				
20	Ending Balance.....		( )		( )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning Balance (January 1).....		( )		( )
22	.....				
23	.....				
24	Ending Balance.....		( )		( )
	Retained Earnings:				
25	Beginning Balance (January 1).....				
26	Prior Period Adjustments.....				
27	Net Income (Loss).....				
28	Dividends.....		( )		( )
29	.....				
30	.....				
31	Ending Balance.....				
32	Ending Stockholders' Equity.....		\$		\$

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990	*
1	Net Cash Provided (Used) by Operating Activities.....	\$ 37,923	\$ 22,655	
	Cash Flows from Investing Activities:			
2	Purchase of Short-Term Investment Securities.....	-	-	
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-	
4	Purchase Outflows for Property and Equipment.....	(13,789)	(80,562)	
5	Proceeds from Disposition of Property and Equipment.....	-	-	
6	Purchase of Casino Reinvestment Obligations.....	(2,518)	0	
7	Purchase of Other Investments and Loans/Advances Made.....	-	-	
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-	
9	Cash Outflows to Acquire Business Entities.....	-	-	
10	Other Assets.....	(170)	-	
11	.....	-	-	
12	Net Cash Provided (Used) by Investing Activities.....	(16,477)	(80,562)	
	Cash Flows from Financing Activities:			
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-	
14	Payments to Settle Short-Term Debt.....	-	-	
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	25,017	
16	Costs of Issuing Debt.....	-	-	
17	Payments to Settle Long-Term Debt.....	(515)	(5,586)	
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-	
19	Purchases of Treasury Stock.....	-	-	
20	Payments of Dividends or Capital Withdrawals.....	-	-	
21	Subcontractor's note.....	(15,461)	-	
22	.....	-	-	
23	Net Cash Provided (Used) by Financing Activities.....	(15,976)	19,431	
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	5,470	(38,476)	
25	Cash and Cash Equivalents at Beginning of Period.....	22,460	61,202	
26	Cash and Cash Equivalents at End of Period.....	\$ 27,930	\$ 22,726	

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period for:		
	Interest (Net of Amount Capitalized).....	\$ 29,628	\$ 47,723
28	Income Taxes.....	\$	\$

\* 1990 Includes 6 months from Inception April 2, 1990 through September 30, 1990.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990 *
	Net Cash Flows from Operating Activities:		
29	Net Income (Loss).....	\$ 204,479	\$ (25,459)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	27,071	17,848
31	Extraordinary Items due to Restructuring.....	(259,618)	7,939
32	Amortization of Debt Discount or Premium.....	-	1,351
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,259	-
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	914	(14,907)
39	Net (Increase) Decrease in Inventories.....	1,290	2,704
40	Net (Increase) Decrease in Other Current Assets.....	(1,452)	7,339
41	Net (Increase) Decrease in Other Assets.....	-	4,711
42	Net Increase (Decrease) in Accounts Payables.....	(2,142)	(37,749)
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	57,019	16,440
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	-	4,184
45	Net Increase (Decrease) in Notes Payable.....	-	38,254
46	Costs related to lease guarantee.....	9,103	-
47	Net Cash Provided (Used) by Operating Activities.....	\$ 37,923	\$ 22,655

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment.....	\$ (13,789)	\$ 80,562
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows for Property and Equipment.....	\$ (13,789)	\$ 80,562
	Acquisition of Business Entities:		
51	Property and Equipment Acquired.....	\$ N/A	\$ N/A
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$	\$
	Stock Issued or Capital Contributions:		
57	Total Capital Contributions.....	\$ 48,744	\$ N/A
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$	\$

\* 1990 Includes 6 months from Inception April 2, 1990 through September 30, 1990.

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1991 AND 1990

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1991	(d) 1990*
	<b>Invested Capital:</b>		
1	Beginning Balance.....	\$ 75,001	\$ 75,001
2	Capital Contributions..... NOTE 1.....	48,744	0
3	.....	0	0
4	Ending Balance.....	123,745	75,001
	<b>Accumulated Income (Loss):</b>		
5	Beginning Balance.....	(144,441)	(24,164)
6	Prior Period Adjustments.....	0	0
7	Net Income (Loss).....	204,479	(25,459)
8	.....	0	0
9	Ending Balance.....	60,038	(49,623)
	<b>Capital Withdrawals:</b>		
10	Beginning Balance.....	-	-
11	Additional Capital Withdrawals.....	-	-
12	.....	-	-
13	Ending Balance.....	0	0
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning Balance.....	-	-
15	.....	-	-
16	.....	-	-
17	Ending Balance.....	0	0
18	Ending Partners' or Proprietor's Equity.....	\$ 183,783	\$ 25,378

\* 1990 includes 6 months from Inception April 2, 1990 through September 30, 1990

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1991**  
**(Unaudited)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation:**

Trump Taj Mahal Associates, ("the Partnership") commenced operations on April 2, 1990. Prior to this date, the Partnership was in the development stage and incurred losses amounting to approximately \$24,164,000. Trump Taj Mahal Funding, Inc. ("the Company") was formed for the purpose of raising funds through the issuance of 14% First Mortgage Bonds, Series A, due 1998, (the Bonds), the proceeds of which were loaned to the Partnership for construction of the Taj Mahal. The ability of the Company to repay the principal and interest on the Bonds is completely dependent on the operations of the Partnership.

The accompanying financial statements have been prepared by the Partnership without audit. In the opinion of the Partnership, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position, results of operations and changes in cash flows for the periods presented, have been made.

The casino industry in Atlantic City is seasonal in nature; therefore, results of operations for the three and nine month periods ended September 30, 1991 are not necessarily indicative of the operating results for a full year.

**Plan of reorganization:**

As more fully discussed in the December 31, 1990 Casino Control Commission Annual Report and the Annual Report on Securities Exchange and Commission (the "SEC") Form 10K, the Partnership experienced a liquidity problem due to a variety of factors. These factors resulted in the failure to make scheduled interest payments on the Bonds, as well as scheduled interest and principal payments on the furniture, fixtures and equipment loan. As a result of the failure to make these payments, substantially all of the Partnership's debt has previously been classified as current liabilities.

On July 16, 1991, the Partnership, filed a voluntary petition for relief under chapter 11, title 11, United States Bankruptcy Code (the "Bankruptcy Code"). On July 17, 1991, the Partnership also filed a plan of reorganization ("the Plan"). The terms of the Plan were confirmed by the Bankruptcy Court (the "Court") on August 28, 1991 and the Plan was consummated October 4, 1991 (the "Effective Date"). As more fully explained in the Plan and a Registration Statement filed on SEC Form S-4, the Partnership has proposed certain modifications to the terms of

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Plan of reorganization (continued):**

the Bonds, bank borrowings as well as certain amounts owed to Donald J. Trump, and his affiliates and transferred approximately 50% of the ownership interest in the Partnership to the Bondholders.

As the Plan was confirmed on August 28, 1991 and subsequently consummated, the Plan confirmation adjustments have been reflected in the accompanying financial statements as of September 30, 1991.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the New Bonds have been stated at the present value of amounts to be paid, determined at current interest rates. The interest rate of the New Bonds was determined based on the trading price of the New Bonds for a specific period and discussion with the Partnership's financial advisors. Stating the debt at its approximate present value, results in an estimated reduction of approximately \$204,276,000 in carrying amount of the New Bonds. This gain will be offset by increased interest costs over the period of the New Bonds to accrete such bonds to their face value at maturity. The current interest rates of other borrowings approximate their stated interest rates.

The restructuring resulted in an extraordinary gain, net of deferred state income tax, totaling approximately \$259,618,000, including \$204,276,000 discussed above and \$20,000,000 related to settlement of the Subcontractors' note payable, with the balance representing a discharge of accrued interest on indebtedness. This gain is reflected net of approximately \$7,155,000 in deferred state income taxes. Additionally, the restructuring resulted in a discharge of related party indebtedness in the approximate amount of \$48,744,000, which has been accounted for as a contribution to capital.

For the nine months ended September 30, 1991, the Partnership has incurred approximately \$24,788,000 in costs associated with the Plan including estimated professional fees accrued and unpaid approximating \$6,000,000. In addition, included in this amount is a charge of \$9,103,000, representing the net present value of the Partnership's limited guarantee of \$30,000,000 of certain affiliate obligations as more fully described in Note 3. These costs have been included in non operating expenses in the accompanying financial statements.

The Partnership is subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Partnership's casino license must be renewed periodically, is not transferable, includes a review of the financial stability of the Partnership and can be revoked at anytime. Due to the uncertainty of any license renewal application, there can be no assurance that the license will be renewed. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to the Partnership's financial condition or for any other reason, the

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Casino license renewal (continued):

Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

Effective April 26, 1990, the CCC issued the Partnership its initial license. The license was issued for a term of one year. The continued operations of the Partnership are subject to its retaining its license. On April 18, 1991 and May 8, 1991, the CCC renewed the casino license of the Partnership through April 26, 1992, subject to certain conditions, including that the Partnership and Donald J. Trump demonstrate their financial stability through the license period. On June 20, 1991, the Commission found that, subject to certain conditions, the Partnership and Mr. Trump had so demonstrated their financial stability. At the time of confirmation of the Plan the parties in interest waived the requirements providing for lines of credit for working capital and debt service totaling \$100,000,000. The CCC is currently considering the impact of this waiver on the Partnerships financial stability and is conducting hearings on the matter. The Partnership has obtained a \$25,000,000 working capital line of credit, effective November 14, 1991. The line will mature in five years. Interest for advances under the line will be at the rate of prime plus four percentage points with a minimum of 9% per annum. The line provides for fees applicable to the commitment, maintenance and unused portions of the line.

Existing licensing conditions include certain continuing reporting requirements and the condition that cash reserves be maintained to cover portions of certain progressive jackpot liabilities. The amount reserved at September 30, 1991 was approximately \$570,000. No assurances can be given that the CCC will continue the casino license of the Partnership or, if continued, what conditions may be imposed and whether those conditions will be considered acceptable by the Partnership.

Bankruptcy Claims:

As a result of the Bankruptcy petition filed July 16, 1991, claims totaling approximately \$1.1 billion have been filed by creditors. It is management's opinion that these claims have either been provided for in the Plan of Reorganization, have been paid since the petition date, or are not due according to the books and records of the Partnership. Accordingly, a motion was filed in the Bankruptcy Court on October 8, 1991 to disallow, expunge and reduce claims that have been filed. All claimants have been notified and hearings are scheduled during November and

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Bankruptcy Claims (continued):**

December 1991, relative to the disposition of these claims. The Partnership expects to resolve any amounts determined to be due in the normal course of business without any material effect on the financial statements.

**Income Taxes:**

Trump Taj Mahal Associates is not subject to Federal Income Taxes since it is a partnership entity, however, it is subject to New Jersey State Income Tax.

Due to the restructuring of debt, the Partnership recorded an extraordinary gain of \$259,618,000 net of State Income Tax of \$7,155,000. The taxes are recorded at the statutory rate as a long term liability.

**Legal Proceedings:**

The Partnership, its partners, certain members of its Executive Committee, certain of its employees are involved in various legal proceedings. The Partnership has agreed to indemnify such persons against all fees, costs and expenses incurred by them in said legal proceedings. Such persons and entities are vigorously defending the allegations against them. If adversely decided, these legal proceedings could have a material adverse effect on the Partnership's results of operations and financial condition.

**NOTE 2 - PROPERTY AND EQUIPMENT**

	<u>September 30,</u>	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
Land	\$ 37,291	\$ 36,763
Buildings	632,548	623,655
Furniture, fixtures and equipment	138,369	144,942
Leasehold improvements	<u>24,276</u>	<u>24,276</u>
Total	832,484	829,636
Less Accumulated Depreciation	<u>( 59,624)</u>	<u>( 17,848)</u>
Net Property and Equipment	<u>\$772,860</u>	<u>\$811,788</u>

**NOTE 3 - LONG TERM DEBT**

	<u>September 30,</u>	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
<b><u>Current Portion</u></b>		
Due to affiliates:		
First mortgage bonds (A)	\$ 0	\$ 675,000
Other:		
Bank term loan (B)	\$ 203	\$ 44,668
Other	487	493
Total other	<u>\$ 690</u>	<u>\$ 45,161</u>
<b><u>Long-term Portion</u></b>		
Due to Affiliates		
First mortgage bonds (A)	\$ 525,182	\$ 0
Trump line of credit (C)	0	25,000
Total	<u>\$ 525,182</u>	<u>\$ 25,000</u>
Other:		
Bank term loan (B)	\$ 45,442	\$ 0
Other	521	1,068
Total	<u>\$ 45,963</u>	<u>\$ 1,068</u>
<b><u>Interest Expense Affiliates</u></b>		
	Nine months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
First Mortgage Bonds	\$ 70,875	\$ 47,250
Trump line of credit	1,710	1,042
Total	<u>\$ 72,585</u>	<u>\$ 48,292</u>

\*From Inception April 2, 1990 to September 30, 1990.

**NOTE 3 - LONG TERM DEBT**

**Interest Expense External**

	Nine months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
Bank term loan	\$ 3,134	\$ 2,533
Other	149	476
Amortization of bond offering costs	-	1,351
Total	<u>\$ 3,283</u>	<u>\$ 4,360</u>

**Interest Expense Affiliates**

	Three months ended September 30,	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
First mortgage bonds	\$ 23,625	\$ 23,625
Trump line of credit	575	625
Total	<u>\$ 24,200</u>	<u>\$ 24,250</u>

**Interest Expense External**

	Three months ended September 30,	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
Bank term loan	\$ 1,016	\$ 1,239
Other	(1,382)	438
Amortization of bond offering costs	-	1,351
Total	<u>\$ (366)</u>	<u>\$ 3,028</u>

\*From Inception April 2, 1990 to September 30, 1990.

### NOTE 3 - LONG TERM DEBT

#### Background:

On June 5, 1991, the Partnership filed Pre-Effective Amendment No. 6 to a Registration Statement on Form S-4 (the "Registration Statement") (File No. 33-37346) with the SEC describing an agreement reached between the Partnership, and certain of their creditors for the restructuring of the Partnership's indebtedness through the Plan. The purpose of the Plan was to alleviate the Partnership's liquidity problem by reducing its debt service requirements, including its annual cash interest expense. Such reduction was to be accomplished through a lowering of the current interest rate on certain of the Partnership's long-term indebtedness, including the Bonds, and, in the case of the New Bonds to be issued in connection with the Plan, the deferral of the due date of a portion of accrued interest thereon through the issuance of additional New Bonds and Class B Redeemable Common Stock ("Class B Stock") of Taj Mahal Holding Corp. ("Holding") (the entity to control the corporate managing general partner of the Partnership upon consummation of the Plan) in lieu of a portion of the cash interest.

On July 16, 1991, the Partnership and certain related entities filed a voluntary petition for relief under chapter 11 of title 11, United States Bankruptcy Code. On July 17, 1991, the parties filed the Plan with the United States Bankruptcy Court. The Court confirmed the Plan on August 28, 1991 and the Plan was consummated on October 4, 1991.

- (A) On the Effective Date of the Plan, October 4, 1991, each \$1,000 principal amount of the Company's 14% First Mortgage Bonds, Series A, Due 1998 was exchanged for \$1,070 principal amount of the Company's 11.35% Mortgage Bonds, Series A, due November 15, 1999 together with one share of Taj Mahal Holding Corp.'s Class B, redeemable common stock, par value one-cent per share of each \$1,000 principal amount of New Bonds. The New Bonds and Class B Stock trade together as a Unit, and may not be transferred separately. Interest on the New Bonds is due semi-annually on each November 15 and May 15, commencing November 15, 1991. Interest on the New Bonds must be paid in cash on each interest payment date at the rate of 9.375% per annum (the "Mandatory Cash Interest Amount"). Since all accrued interest was either paid or discharged through the Effective Date, the November 15, 1991 installment will consist of interest from October 4, 1991 through November 15, 1991 (approximately \$8,000,000). In addition to the Mandatory Cash Interest Amount, commencing on May 15, 1992 and each May 15 thereafter, an additional amount of interest (the "Additional Amount") in cash or additional New Bonds or a combination thereof, is payable equal to the difference between 11.35% of the outstanding principal amount of the New Bonds and the sum of the Mandatory Cash Interest Amount previously paid. To the extent that, on any May 15, commencing May 15, 1992, there is excess available cash flow ("EACF"), as defined in the Indenture, of the Partnership for the year ended on the immediately preceding December 31, the Company will pay Additional Amount in cash and the balance thereof, if any, in additional Units; provided, however, that a portion of the Additional

### NOTE 3 - LONG TERM DEBT (continued)

Amount that, when combined with the annual Mandatory Cash Interest Amount, exceeds 10.28% of the aggregate outstanding principal amount on the New Bonds may be paid at the option of the Company in additional Units, even if EACF is available, provided that an equivalent amount of cash is used to purchase or redeem Units. Additional Units issued on the Effective Date amounted to approximately \$7,208,000. The New Bonds are guaranteed as to payment of principal and interest by the Partnership and are secured by a mortgage on the Partnership's real property.

(B) On November 3, 1989, the Partnership entered into a loan agreement with National Westminster Bank, U.S.A. (the "NatWest Loan") which provided financing of up to \$50,000,000 for certain items of furniture, fixtures and equipment installed in the Taj Mahal. The Partnership failed to make interest and principal payments commencing October 1, 1990 and the terms of the NatWest Loan were modified as part of the Plan. The restructured NatWest Loan, in the principal amount of \$45,644,755, bears interest at 9 3/8% per annum. Principal and interest is payable monthly in the fixed amount of \$373,000 to be applied first to accrued interest and the balance to the extent available, to principal, through the last business day of October, 1999. Additionally, on May 15 of each year commencing May 15, 1992 through May 15, 1999, to the extent principal is still outstanding, NatWest will receive 16.5% of the EACF of the preceding calendar year, in excess of the Additional Amount, to be applied first to accrued but unpaid interest, and then to principal.

The NatWest Loan is secured by a first priority lien on the furniture, fixtures and equipment acquired with the proceeds of the NatWest Loan plus any after acquired furniture, fixtures and equipment that replaces such property, or of the same type, provided however, that the NatWest Loan may be subordinated to a lien to secure purchase money financing of such after acquired property up to 50% of the value of such after acquired property.

(C) On April 30, 1990, the Partnership borrowed \$25,000,000 under a line of credit agreement entered into with Donald J. Trump (the "Trump Line of Credit"). Pursuant to the Plan, the Partnership's note in respect of the Trump Line of Credit was cancelled and contributed to capital.

On November 22, 1988, First Fidelity Bank, New Jersey ("First Fidelity"), Trump Taj Mahal Realty Corp. ("Realty Corp.") and Donald J. Trump, as guarantor, entered into a Time Loan and Security Agreement pursuant to which First Fidelity made a term loan to Realty Corp. in the aggregate principal amount of \$75,000,000 to be used by Donald J. Trump, the sole shareholder of Realty Corp., as a capital contribution to the Partnership. Pursuant to the Plan, Realty Corp., Donald J. Trump and First Fidelity entered into an Amended Time Loan and Security Agreement ("Loan"), which became effective on October 4, 1991. As part of the restructuring of the Loan, the leases between the Partnership and Realty Corp., pursuant to which the Partnership leases specified parcels of real property (Note 8)

### NOTE 3 - LONG TERM DEBT (continued)

from Realty Corp., were amended and consolidated. The amended lease extends the term through 2023 and provides for Base Rentals payable by the Partnership, prior to the time that NatWest loan is paid in full, of \$2,725,000 per year, plus 3 1/2 percent of the EACF less the Additional Amount and, upon payment in full of the NatWest loan, increasing to include the payments to which NatWest is otherwise entitled under the amended NatWest Agreement. In addition First Fidelity receives \$575,000 under an assignment of amounts due under the Services Agreement (Note 5). The amended lease was assigned to First Fidelity. The first \$3.3 million received by First Fidelity each year will be applied to the interest due on the Realty Corp. loan. Any additional sums paid will be applied to reduce the amount payable by the Partnership under its guarantee (see below) and the principal amount of the Loan. Although the Loan and amended lease took effect on October 4, 1991, the Partnership incurred and paid the above rental amounts beginning April 1, 1991.

The Loan is secured by a first mortgage lien on the underlying parcels owned by Realty Corp. As further security for the Loan, Donald J. Trump has guaranteed the Loan and Mr. Trump has pledged his interest in the capital stock of Realty Corp., Taj Mahal Holding Corp. (Class C Stock), and Trump Taj Mahal, Inc. ("TTMI"). TTMI has granted a security interest to First Fidelity in its interest in the Partnership and Trump Corp. has granted a security interest to First Fidelity in one-half of its interest in the Partnership.

Pursuant to a limited subordinated guarantee the Partnership will, under certain circumstances, reimburse First Fidelity for any deficiency in the amount owed to First Fidelity upon maturity of the Loan, up to a maximum of \$30,000,000, provided that First Fidelity first pursues its remedies against the parcels, and provided further that the New Bonds have been paid in full. Inasmuch as the Partnership's lease payments are Realty Corp's sole source of funds to satisfy the Loan and the amount of the Loan exceeds the estimated fair market value of the land by more than \$30,000,000, the Partnership has recorded the present value of the maximum guarantee amount as of the Effective Date. Discounted at 15%, a reasonable incremental cost of capital, the obligation amounts to approximately \$9,103,000 at present value, which amount has been included in restructuring costs in the accompanying financial statements.

As part of the debt restructuring contemplated by the Plan the Partnership escrowed with a trustee for the debtholders, all amounts due through July 16, 1991 and subsequently, in satisfaction of its restructured obligations, through the Effective Date.

On September 6, 1990, the Partnership entered into an agreement, as amended (the "Subcontractors Agreement") with certain Subcontractors who provided goods and services in connection with the construction of the Taj Mahal (the "Subcontractors"). On August 12, 1991, the Partnership and the Subcontractors entered into The Third Amendment to the Subcontractors Agreement pursuant to which the Subcontractors received \$23,750,000 aggregate principal amount of Bonds at a cost to the Partnership of approximately \$15,700,000, which resulted in the recognition of a pre-tax extraordinary gain to the Partnership of approximately \$20,000,000. The

**NOTE 3 - LONG TERM DEBT (continued)**

Subcontractors' Note had previously been classified as a current liability as a result of the Partnership's failure to make the interest payments on the NatWest Loan, which default was a default under the Subcontractors Agreement.

Aggregate annual maturities of long term debt at accreted value are as follows:

Donald J. Trump	\$ 286	\$	
Trump Hotel Management Corp.		\$	827,000
Trump's Custom Associates	125		446,000
Trump Plaza Associates	(195)		381,000
Trump Taj Mahal Realty Corp.	368		277,000
Helicopter Airways	(43)		303,000
Trump Regency			\$ 773,832,000
Thereafter			

**NOTE 4 - OTHER ACCRUED EXPENSES**

	1991	September 30, 1990
Total	(in thousands)	
Accrued interest	\$ 7,689	\$ 37,408
Accrued payroll & related	9,743	13,890
Progressive jackpot	3,958	3,030
Restructuring	6,346	-
Other	10,926 **	(1) 3,180 **
<b>Total</b>	<b>\$ 38,662</b>	<b>\$ 57,508</b>

- \*\* None of the individual components of Other exceed 5% of the total.
- (1) Certain reclassifications have been made to the 1990 financial statement to conform to the 1991 presentation.

**NOTE 5 - OTHER CURRENT LIABILITIES**

	1991	September 30, 1990
	(in thousands)	
Donald J. Trump	\$ 296	\$ -
Trump Hotel Management Corp.	-	14,313
Trump's Castle Associates	125	765
Trump Plaza Associates	(195)	732
Trump Taj Mahal Realty Corp.	368	1,213
Helicopter Air Service	(43)	559
Trump Regency	-	326
	<u>\$ 551</u>	<u>\$ 17,908</u>
Other:		
Advanced deposits	449	548
Unredeemed chip liability	990	874
Insurance reserves	3,349	(1) 1,581
Other	877	413
Total	<u>\$ 6,216</u>	<u>\$ 21,324</u>

- (1) Certain reclassifications have been made to the 1990 financial statement to conform to the 1991 presentation.

The Partnership was required to pay a management fee to Trump Hotel Management Corp. ("THMC") pursuant to a Management Agreement between the Partnership and THMC, dated November 22, 1988. Pursuant to the Plan, obligations accrued thereunder were cancelled and contributed to capital.

Pursuant to the Plan, the Partnership has entered into a Services Agreement (the "Services Agreement"), which provides that Donald J. Trump will render to the Partnership marketing, advertising, promotional and related services with respect to the business operations of the Partnership. In consideration for the services to be rendered, the Partnership will pay an annual fee equal to 1 1/2% of the Partnership's earnings before interest, taxes and depreciation, as defined, less capital expenditures for such year with a minimum base of \$500,000. The services fee is payable monthly commencing April 1, 1991 and expiring on November 15, 1999, although the agreement provides for earlier termination under certain events. Portions of the fee have been assigned to First Fidelity Bank in connection with the Loan to Realty Corp. which has been guaranteed by Donald J. Trump (Note 3).

**NOTE 6 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSE**

Nine months ended September 30, 1991

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u># OF</u> <u>RECIPIENTS</u>	<u>DOLLAR</u> <u>AMOUNTS</u> (in thousands)	<u># OF</u> <u>RECIPIENTS</u>	<u>DOLLARS</u> <u>AMOUNTS</u> (in thousands)
Rooms	111,152	\$16,412		\$
Food	1,201,940	12,698		
Beverage	3,328,478	7,291		
Travel			31,777	4,581
Coupon Food	756,021	4,505		
Admissions	32,095	571		
Other	40,748	657		
Gifts			2,510	310
Coin			1,932,367	24,962
Cage Disbursements			1,959	2,389
Theatre - Outside			50,956	1,442
Limo			51,056	1,614
Other			1,199	672
Total	<u>5,470,434</u>	<u>\$42,134</u>	<u>2,071,824</u>	<u>\$35,970</u>

Nine months ended September 30, 1990\*

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u># OF</u> <u>RECIPIENTS</u>	<u>DOLLAR</u> <u>AMOUNTS</u> (in thousands)	<u># OF</u> <u>RECIPIENTS</u>	<u>DOLLARS</u> <u>AMOUNTS</u> (in thousands)
Rooms	71,339	\$11,597		\$
Food	1,199,926	10,239		
Beverage	3,881,394	8,860		
Travel			44,637	5,803
Coupon Food	408,136	2,032		
Coupon other				
Admissions	137,201	2,173		
Other	32,002	150		
Gifts			31,728	321
Coin			591,439	4,591
Cage Disbursements			1,126	1,118
Theatre - outside			146	139
Outside Limo			878	800
Other			602	543
Total	<u>5,729,998</u>	<u>\$35,051</u>	<u>670,556</u>	<u>\$13,315</u>

\*From Inception April 2, 1990 to September 30, 1990.

**NOTE 6 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSE**

Three months ended September 30, 1991

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u># OF RECIPIENTS</u>	<u>DOLLAR AMOUNTS (in thousands)</u>	<u># OF RECIPIENTS</u>	<u>DOLLARS AMOUNTS (in thousands)</u>
Rooms	37,893	\$ 5,679		\$
Food	370,262	4,286		
Beverage	1,145,868	2,173		
Travel			8,167	986
Coupon Food	122,185	636		
Admissions	13,822	265		
Other	14,717	209		
Gifts			1,053	84
Coin			538,680	6,719
Cage Disbursements			707	786
Theatre - Outside			8,292	78
Limo			17,921	652
Other			473	247
<b>Total</b>	<b><u>1,704,747</u></b>	<b><u>\$13,248</u></b>	<b><u>575,293</u></b>	<b><u>\$ 9,552</u></b>

Three months ended September 30, 1990\*

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u># OF RECIPIENTS</u>	<u>DOLLAR AMOUNTS (in thousands)</u>	<u># OF RECIPIENTS</u>	<u>DOLLARS AMOUNTS (in thousands)</u>
Rooms	40,846	\$ 6,343		\$
Food	866,977	4,978		
Beverage	3,221,818	4,546		
Travel			33,017	2,910
Coupon Food	375,494	1,725		
Coupon other				
Admissions	41,446	728		
Other	14,973	170		
Gifts			2,436	271
Coin			511,674	4,090
Cage Disbursements			436	656
Theatre - Outside			61	72
Outside Limo			519	464
Other			946	849
<b>Total</b>	<b><u>4,561,554</u></b>	<b><u>\$18,490</u></b>	<b><u>549,089</u></b>	<b><u>\$ 9,312</u></b>

\*From Inception April 2, 1990 to September 30, 1990.

**NOTE 7 - NON-OPERATING INCOME (EXPENSE)**

	Nine months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
Restructuring	\$ 24,788	\$ -
Litigation Expense	1,750	-
Interest Income	<u>( 685)</u>	<u>( 743)</u>
	<u>\$ 25,853</u>	<u>\$ ( 743)</u>
	Three months ended September 30,	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
Restructuring	\$ 17,115	\$ -
Interest Income	<u>(161)</u>	<u>( 231)</u>
	<u>\$ 16,954</u>	<u>\$ ( 231)</u>

**NOTE 8 - CHARGES FROM AFFILIATES**

	Nine months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
Other:		
Rent	\$ 1,279	\$ 738
Allocated salaries	203	-
Donald J. Trump	<u>434</u>	<u>-</u>
	<u>\$ 1,916</u>	<u>\$ 738</u>
	Three months ended September 30,	
	<u>1991</u>	<u>1990</u>
	(in thousands)	
Other:		
Rent	\$ 381	\$ 158
Allocated salaries	146	-
Donald J. Trump	<u>434</u>	<u>-</u>
	<u>\$ 961</u>	<u>\$ 158</u>

\*From Inception April 2, 1990 to September 30, 1990.

**NOTE 9 - JACKPOT PAYOUTS IN MERCHANDISE**

The Company purchased motor vehicles to be used as jackpot payouts. These motor vehicles were accounted for as operating expenses of the Slot Department.

	Nine months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
Motor vehicles - jackpot payouts	<u>\$ 28,467</u>	<u>\$ 52,924</u>

	Three months ended September 30,	
	<u>1991</u>	<u>1990*</u>
	(in thousands)	
Motor vehicles - jackpot payouts	<u>\$ 28,467</u>	<u>\$ 52,924</u>

\*From Inception April 2, 1990 to September 30, 1990.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1991

STATE OF NEW JERSEY

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCE				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 9,606		
2	Returned Patrons' Checks.....	14,380		
3	Total Patrons' Checks.....	23,986	\$ 9,325	\$ 14,661
4	Hotel Receivables.....	2,987	339	2,648
	Other Receivables:			
5	Receivables Due From Officers and Employees.....	0		
6	Receivables Due From Affiliates.....	0		
7	Other Accounts and Notes Receivables.....	101		
8	Total Other Receivables.....	101	0	101
9	Totals (Form 205).....	\$ 27,074	\$ 9,664	\$ 17,410

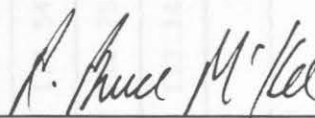
UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 12,849
11	Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	259,145
12	Checks Redeemed Prior to Deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(194,083)
13	Checks Collected Through Deposits.....	(50,024)
14	Checks Transferred to Returned Checks.....	(18,281)
15	Other Adjustments.....	0
16	Ending Balance.....	\$ 9,606
17	"Hold" Checks Included in Balance on Line 16.....	\$ 0
18	Provision for Uncollectible Patrons' Checks.....	\$ 6,282
19	Provision as a Percent of Counter Checks Issued.....	2.4%

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:SS.  
COUNTY OF ATLANTIC :

R. BRUCE MCKEE, being duly sworn according to law upon my oath deposes and says:  
NAME

1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.



SIGNATURE

Vice President - Finance  
TITLE

0548-11  
LICENSE NUMBER

Subscribed and Sworn to before me  
this 15th day of September, 1991

On Behalf Of:

Trump Taj Mahal Associates  
Casino Licensee



Signature

PATRICIA L. SKIDMORE  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires August 23, 1996

Basis of Authority  
to Take Oaths

TRADING NAME OF LICENSEE

TRUMP TAJ MAHAL CASINO RESORT\*

## HOTEL STATISTICS

FOR THE <sup>9</sup> MONTHS ENDED September 30, 19 91

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,250	38,750	25,008	\$ 107.96	64.5%	49,806	\$ 54.21
FEBRUARY	1,250	35,000	28,461	\$ 109.97	81.3%	61,711	\$ 50.72
MARCH	1,250	38,750	32,967	\$ 101.69	85.1%	64,194	\$ 52.22
1ST QUARTER TOTALS		112,500	86,436	\$ 106.23	76.8%	175,711	\$ 52.26
APRIL	1,250	37,500	33,791	\$ 97.41	90.1%	66,137	\$ 49.77
MAY	1,250	38,750	33,614	\$ 108.75	86.7%	65,262	\$ 56.02
JUNE	1,250	37,500	35,130	\$ 105.71	93.7%	68,030	\$ 54.59
2ND QUARTER TOTALS		113,750	102,535	\$ 103.97	90.1%	199,429	\$ 53.46
JULY	1,250	38,750	36,114	\$ 114.33	93.2%	70,539	\$ 58.53
AUGUST	1,250	38,750	37,074	\$ 114.54	95.7%	73,243	\$ 57.98
SEPTEMBER	1,250	37,500	33,026	\$ 110.25	88.1%	64,048	\$ 56.85
3RD QUARTER TOTALS		115,000	106,214	\$ 113.14	92.4%	207,830	\$ 57.82
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS			"	\$	%		\$

Trump Taj Mahal Casino Resort commenced casino operations on April 4, 1990.